

**WEST LIBERTY UNIVERSITY**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2023 AND 2022**



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**WEST LIBERTY UNIVERSITY  
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## INDEPENDENT AUDITORS' REPORT

Governing Board  
West Liberty University  
West Liberty, West Virginia

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities, and the discretely presented component unit of West Liberty University (the University), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the discretely presented component unit of the University, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of West Liberty University Foundation, Inc. (the Foundation), which represent 100% of the assets, net assets, and revenues of the component unit as of June 30, 2023 and 2022, and the respective changes in financial position for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Foundation, are based solely on the report of the other auditors.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

### ***Change in Accounting Principle***

As discussed in Note 2 to the financial statements, effective July 1, 2022, the College adopted new accounting guidance for subscription-based information technology arrangements (SBITA). The guidance requires entities to recognize a right-to-use SBITA asset and corresponding SBITA liability for all SBITA's with terms greater than twelve months. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

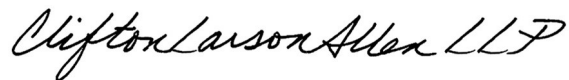
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of Proportionate Share of Other Postemployment Obligations and Contributions, and the Schedules of Proportionate Share of Net Pension Liability and Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
October 18, 2023



208 University Drive  
CUB 109  
WEST LIBERTY, WV 26074-0295

**Management Discussion and Analysis  
Fiscal Year 2023 (Unaudited)  
Financial Statements**



**About West Liberty University**

West Liberty University (WLU or University) is a state supported institution founded in 1837 and is West Virginia’s oldest institution of higher education. Founded as West Liberty Academy, it was privately operated until 1870 when it became West Liberty State Normal School. The name was changed to West Liberty State Teachers University in 1931 and West Liberty State University in 1943. It was approved to become a “University” by the Higher Education Policy Commission in November 2008 and approved by the Board of Governors’ in May 2009.

West Liberty University is governed by a 12-member Board of Governors that determines, controls, supervises, and manages the financial, business, and educational policies and affairs of the University.

**Overview of the Financial Statements and Financial Analysis**

The following discussion and analysis of WLU’s financial statements provides an overview of its financial activities for fiscal years 2023 and 2022 with an emphasis on the year ended June 30, 2023 and is required supplementary information prepared in accordance with Governmental Accounting Standards Board (GASB).

The Government Accounting Standards Board (GASB) has revised the financial reporting guidelines for organizations that support government entities, effective for reporting periods beginning after June 15, 2003. Under GASB Statement No. 39, if a private foundation that provides financial support to a public University or university meets specified criteria, the university is required to include the foundation’s financial activities in the university’s financial statements. As a result, the financial statements of the West Liberty University Foundation are discretely presented following the University’s financial statements. The University does not control the resources of the Foundation and therefore, discussion and analysis of this component unit is not included.

There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

## Statement of Net Position

The Statement of Net Position presents the Assets (current and non-current) plus deferred outflows of resources, Liabilities (current and non-current) plus deferred inflows of resources, and Net Position (assets plus deferred outflows minus liabilities plus deferred inflows) of WLU as of June 30, 2023 and 2022. Assets denote the resources available to continue the operations of the University. Liabilities indicate how much the University owes vendors, employees, and lenders. Deferred outflows and inflows are a consumption or acquisition of net assets applicable to a future reporting period and Net Position measures the equity or the availability of funds of the University for future periods.

Net position is divided into three major categories. The first category, net investment in capital assets, provides equity in the property, plant, and equipment owned by WLU. The next category is restricted net position, which is divided into two categories, nonexpendable (permanently restricted) and expendable. Expendable restricted net position is available for expenditure but must be spent for purposes as determined by donors and/or external entities that have



placed time or purpose restrictions on the use of the assets. The balances that have been restricted by the West Virginia Legislature (“Legislature”) are within the expendable net position. These restricted activities are fundamental to the normal ongoing operations of WLU and are subject to change by future actions of the Legislature. The final category is unrestricted net position, which is available for expenditure for any lawful purpose of WLU.



**Condensed Statements of Net Position  
(IN THOUSANDS)**

<b>ASSETS</b>	2023	2022	2021
Current assets	\$ 13,186	\$ 12,007	\$ 12,307
Other noncurrent assets	711	544	3,501
Capital assets - net	74,551	74,940	74,447
Leased assets - net	2,099	2,425	3,721
Deferred outflows	631	655	1,154
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS</b>	<b>\$ 91,178</b>	<b>\$ 90,571</b>	<b>\$ 95,130</b>
<b>LIABILITIES</b>			
Current liabilities	\$ 6,522	\$ 6,760	\$ 8,740
Noncurrent liabilities	19,003	19,919	23,885
Deferred inflows	1,420	3,422	4,434
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS</b>	<b>26,945</b>	<b>30,101</b>	<b>37,059</b>
<b>NET POSITION</b>			
Net investment in capital assets	57,105	56,110	55,444
Restricted expendable	84	644	170
Unrestricted	7,044	3,716	2,457
<b>TOTAL NET POSITION</b>	<b>64,233</b>	<b>60,470</b>	<b>58,071</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; NET POSITION</b>	<b>\$ 91,178</b>	<b>\$ 90,571</b>	<b>\$ 95,130</b>

A review of the individual asset and liabilities categories that contributed to the overall decrease in net position indicates the following:



**2023:**

Capital assets (net) decreased by \$389,000 due to a large number of projects placed into service in the CY and a subsequent increase in depreciation expense. Cash and cash equivalents increased by \$1,179,000 due to a draw on the HEPC Loan.

Current liabilities decreased by \$319,000, primarily due to a decrease in accrued liabilities.



**2022:**

Capital assets (net) increased by \$493,000 due to the completion of several large projects. Cash and cash equivalents decreased by \$270,000 due to the outlay for capital projects and prior to a bond draw.

Current liabilities decreased by \$1,982,000. The decrease is due to decreases in accrued liabilities, unearned revenue and advances from federal sponsors.

**Statement of Revenues, Expenses, and Changes in Net Position**

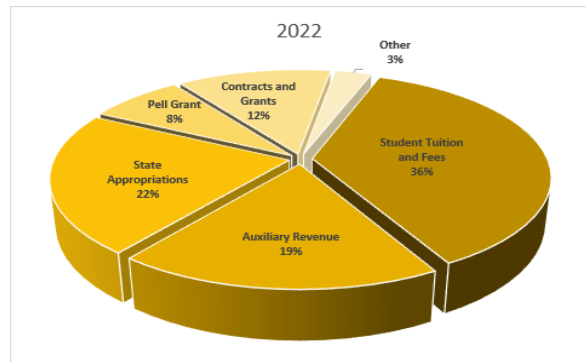
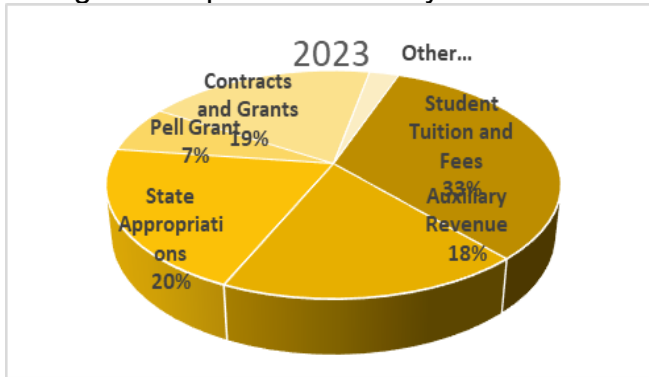
Changes in total net position, as presented on the Statement of Net Position, is based on the activities presented in the Statement of Revenues, Expenses, and Changes in Net Position (SRECNP). The purpose of the SRECNP is to present the revenues earned, both operating and non-operating, and the expenses incurred, operating and non-operating, and any other revenues, expenses, gains and losses earned or incurred by WLU.

Generally speaking, operating revenues are earned for providing goods and services to the various customers and constituencies of WLU. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the WLU mission. Revenues for which goods and services are not provided are reported as non-operating revenues. For example, state appropriations are non-operating revenues because they are provided by the Legislature to WLU without the Legislature directly receiving commensurate goods and services for those revenues. Likewise, Pell grants are reported as non-operating, because of specific guidance in the AICPA industry audit guide.

**Condensed Statements of Revenues, Expenses and Changes in Net Position  
(In Thousands)**

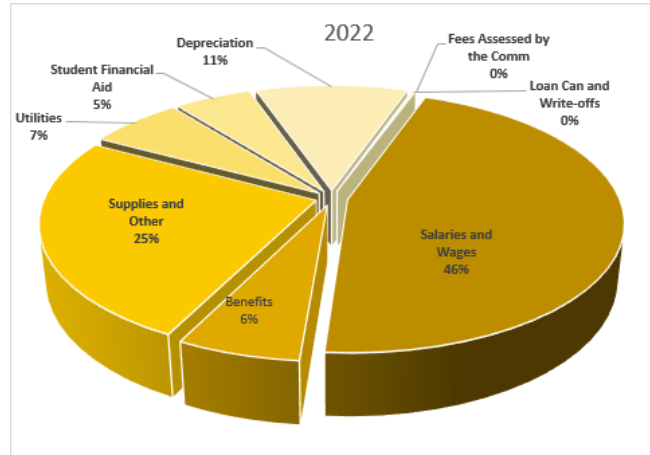
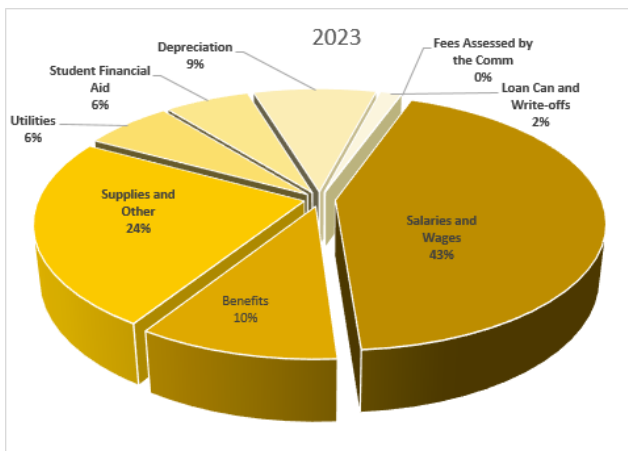
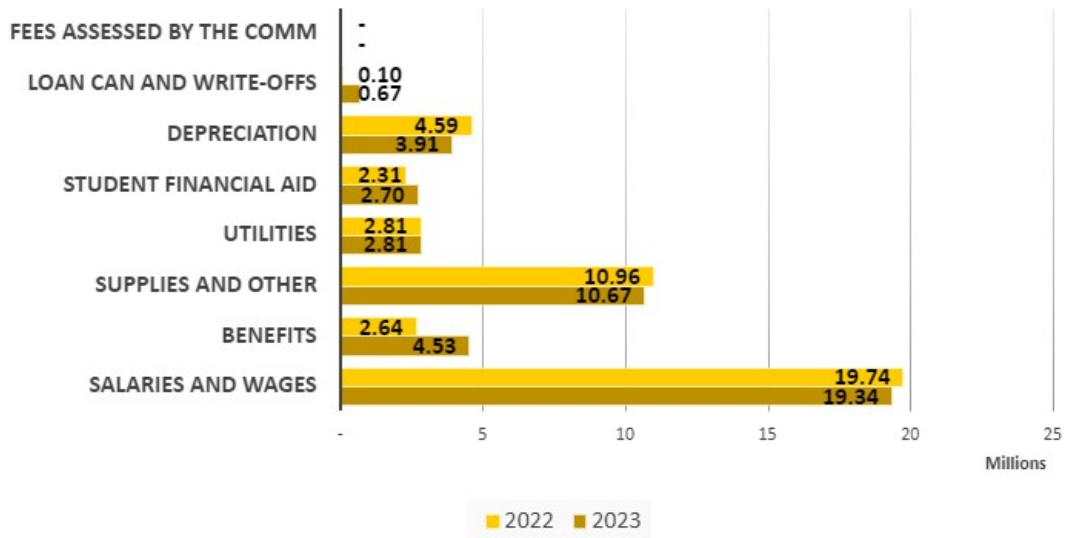
	2023	2022	2021
OPERATING REVENUES	\$ 30,015	\$ 27,791	\$ 28,521
OPERATING EXPENSES	<u>42,377</u>	<u>43,166</u>	<u>43,344</u>
OPERATING LOSS	(12,362)	(15,375)	(14,823)
NON-OPERATING REVENUES (NET OF NON-OPERATING EXPENSES)	<u>16,125</u>	<u>17,774</u>	<u>16,644</u>
 (DECREASE) INCREASE IN NET POSITION	 3,763	 2,399	 1,821
 CAPITAL PAYMENTS MADE ON BEHALF OF THE UNIVERSITY	 <u>-</u>	 <u>-</u>	 <u>-</u>
 (DECREASE) INCREASE IN NET POSITION	 3,763	 2,399	 1,821
 NET POSITION - Beginning of Year	 <u>60,470</u>	 <u>58,071</u>	 <u>56,250</u>
 NET POSITION - End of Year	 <u>\$ 64,233</u>	 <u>\$ 60,470</u>	 <u>\$ 58,071</u>

A review of the individual revenue and expense categories that contributed to the overall change in net position for the years ended June 30, 2023 and 2022 reveals the following:



- Student tuition and fees (net of scholarship allowance) accounted for 51% of WLU’s operating revenues in FY23 and 54% in FY22 and 33% of total operating revenue in FY23 and 36% of total revenues in FY22.
- Contracts and grants increased by \$641,036. Contracts and grants account for 12% of revenue for FY23 and 12% in FY22.
- Pell increased to \$3,126,611 in FY23 from \$3,118,688 in FY22.
- The State Appropriation was \$9,552,600 in FY23 and \$8,966,122 in FY22 representing 20% of total revenues.

## Operating Expense Trends



- Salary/wages and employee benefit categories made up 52% of the operating expenses of WLU in FY23 and 52% in FY22. Salary and wages decreased \$402,985 from FY22; benefits increased \$26,102 from FY22.

## Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activities of WLU during the year. The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash used in the operating activities of WLU. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital assets and related items, and related funding received. The fourth section reflects the cash flows from investing activities and shows interest received from investing activities. The fifth section reconciles the net cash used in operating activities to the operating loss reflected in the SRECNP.

### Condensed Statements of Cash Flows (IN THOUSANDS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Cash Provided by (Used in)</b>			
OPERATING ACTIVITIES	\$ (11,083)	\$ (12,698)	\$ (13,517)
NONCAPITAL FINANCING ACTIVITIES	12,679	12,085	12,642
CAPITAL AND RELATED FINANCING ACTIVITIES	(104)	333	(845)
INVESTING ACTIVITIES	<u>340</u>	<u>9</u>	<u>9</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,832	(271)	(1,711)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>9,903</u>	<u>10,174</u>	<u>11,885</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 11,735</u>	<u>\$ 9,903</u>	<u>\$ 10,174</u>

## Capital Asset and Debt Administration

### 2023 Capital:

- Capital projects initiated, but not completed in FY23 include a campus security camera project and a water line replacement project.

### 2022 Capital:

- Capital projects initiated, but not completed in FY22 include a scoreboard for the track and soccer field and a complete roof replacement for the Main Hall.



### 2023 and 2022 Debt:

- Principal repayments on bond debt amounted to \$1,599,000 and \$1,561,000 for FY23 and FY22, respectively.

## Economic Outlook

National university enrollment has been declining since 2011. Despite this trend the University remains very competitive with four-year educational institutions both regionally and nationally. West Liberty University experienced four straight semesters of enrollment increases prior to FY20. Enrollment remained stable for FY23 and FY22.

The University continues to implement cost efficiency strategies and invest in initiatives that will increase retention and enrollment. The University experienced an increase in incoming freshman and transfers for the 2016-2017 and 2017-2018 academic years. Enrollment also increased in the 2018-2019 academic year. Enrollment stabilized in FY20, FY21, FY22, and FY23. Graduate program enrollment continues to grow. The University experienced a slight increase in on campus residency in both FY22 and FY23.

The University continues to broaden its programs of study and has plans to offer its first Doctoral degree in Education.

**WEST LIBERTY UNIVERSITY**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2023 AND 2022**

	2023	2022
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 11,734,576	\$ 9,902,976
Accounts Receivable - Net	1,084,955	1,705,764
Loans to Students - Current Portion	147,607	194,274
Prepaid Expenses	4,559	4,937
Inventories	209,969	195,291
Arrears Pay Conversion Receivable - Current Portion	4,759	3,278
Total Current Assets	13,186,425	12,006,520
 <b>NONCURRENT ASSETS</b>		
Cash and Cash Equivalents, Held by Trustee	286,555	273,832
Loans to Students - Net of Allowance of \$549,346 in 2023 and \$600,572 in 2022	85,977	100,929
Arrears Pay Conversion Receivable	61,520	80,288
Capital Assets - Net	74,550,859	74,940,464
Leased Assets	2,098,716	2,424,541
Subscription Assets - Net	276,914	168,619
Other Post Employment Benefits Asset, Net	-	88,665
Total Noncurrent Assets	77,360,541	78,077,338
Total Assets	90,546,966	90,083,858
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Refunding of Debt - Net	32,561	39,170
Deferred Outflows Related to Pension	29,429	67,054
Deferred Outflows Related to OPEB	568,782	548,513
Total Deferred Outflows of Resources	630,772	654,737
Total Assets and Deferred Outflows	\$ 91,177,738	\$ 90,738,595

See accompanying Notes to Financial Statements.



**WEST LIBERTY UNIVERSITY**  
**STATEMENTS OF NET POSITION (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>	2023	2022
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 589,220	\$ 555,792
Accrued Liabilities	2,248,788	2,961,915
Unearned Revenues	1,112,501	644,117
Compensated Absences - Current Portion	158,831	151,465
Debt Obligation to Commission - Current Portion	177,434	171,091
Leases Payable - Current Portion	251,745	277,522
Subscription Payable - Current Portion	86,495	81,578
Notes Payable - Current Portion	250,000	378,286
Bonds Payable - Current Portion	1,646,000	1,599,000
Advances from Federal Sponsors - Current	-	19,158
Total Current Liabilities	6,521,014	6,839,924
<b>NONCURRENT LIABILITIES</b>		
Advances from Federal Sponsors	253,775	322,903
Compensated Absences, Net of Current Portion	770,932	875,372
Other Post Employment Benefits Liability, Net	323,613	-
Net Pension Liability	196,583	162,645
Debt Obligation to Commission, Net of Current Portion	570,857	748,290
Leases Payable, Net of Current Portion	1,952,527	2,204,272
Subscription Payable, Net of Current Portion	224,864	87,041
Notes Payable - Net of Current Portion	1,950,000	1,200,000
Bonds Payable, Net of Current Portion	12,760,000	14,406,000
Total Noncurrent Liabilities	19,003,151	20,006,523
Total Liabilities	25,524,165	26,846,447
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Service Concession Arrangement - Net	-	-
Deferred Inflows Related to OPEB	1,322,086	3,192,912
Deferred Inflows Related to Pension	97,926	229,287
Total Deferred Inflows of Resources	1,420,012	3,422,199
Total Liabilities and Deferred Inflows	26,944,177	30,268,646
<b>NET POSITION</b>		
Net Investment in Capital Assets	57,105,253	56,109,521
Restricted for - Expendable:		
Scholarships	84,262	643,993
Unrestricted	7,044,046	3,716,435
Total Net Position	64,233,561	60,469,949
Total Liabilities, Deferred Inflows, and Net Position	\$ 91,177,738	\$ 90,738,595

See accompanying Notes to Financial Statements.

**WEST LIBERTY UNIVERSITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>OPERATING REVENUES</b>		
Student Tuition and Fees - Net of Scholarship Allowance of \$7,284,392 in 2023 and \$7,542,156 in 2022	\$ 15,365,061	\$ 14,893,739
Contracts and Grants:		
Federal	935,007	1,066,789
State	3,998,712	3,490,729
Private	799,313	534,478
Interest on Student Loans Receivable	-	34,612
Auxiliary Enterprise Revenue - Net of Scholarship Allowance of \$3,989,663 in 2023 and \$3,804,679 in 2022	8,549,727	7,592,901
Miscellaneous	367,155	177,260
Total Operating Revenues	30,014,975	27,790,508
<b>OPERATING EXPENSES</b>		
Salaries and Wages	19,337,263	19,740,248
Benefits	2,668,739	2,642,637
Supplies and Other Services	10,117,766	10,964,587
Utilities	2,806,832	2,813,838
Student Financial Aid - Scholarships and Fellowships	2,703,271	2,308,991
Depreciation and Amortization	4,075,190	4,591,176
Bad Debt Expense	666,882	104,707
Total Operating Expenses	42,375,943	43,166,184
<b>OPERATING LOSS</b>	(12,360,968)	(15,375,676)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	9,552,600	8,966,122
Federal Pell Grants	3,126,611	3,118,688
Investment Income	376,891	14,026
Payments on Behalf of the University	(320,575)	(87,361)
Interest on Indebtedness	(609,796)	(665,683)
Fees Assessed by the Commission for Debt Service	(17,513)	(16,741)
Other Nonoperating Revenues and Expenses, Net	4,016,362	6,445,348
Net Nonoperating Revenues	16,124,580	17,774,399
<b>INCREASE BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	3,763,612	2,398,723
Capital Payments Made on Behalf of University	-	-
<b>INCREASE IN NET POSITION</b>	3,763,612	2,398,723
Net Position - Beginning of Year	60,469,949	58,071,226
<b>NET POSITION - END OF YEAR</b>	\$ 64,233,561	\$ 60,469,949

See accompanying Notes to Financial Statements.

**WEST LIBERTY UNIVERSITY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student Tuition and Fees	\$ 14,367,315	\$ 15,404,362
Contracts and Grants	5,749,260	4,608,168
Payments to and on Behalf of Employees	(24,646,694)	(24,475,547)
Payments to Suppliers	(10,128,555)	(11,097,657)
Payments to Utilities	(2,761,268)	(2,808,024)
Payments for Scholarships and Fellowships	(2,703,271)	(2,308,991)
Collection of Loans to Students	61,619	125,763
Auxiliary Enterprise Charges	8,549,727	7,466,588
Fees Assessed by Commission and Other State Agencies	(23,336)	14,162
Other Receipts - Net	451,045	373,665
William D. Ford Direct Lending Receipts	12,050,000	11,809,000
William D. Ford Direct Lending Payments	(12,050,000)	(11,809,000)
Net Cash Used by Operating Activities	(11,084,158)	(12,697,511)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Appropriations	9,552,600	8,966,122
Federal Pell Grants	3,126,611	3,118,688
Net Cash Provided by Noncapital Financing Activities	12,679,211	12,084,810
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchases of Capital Assets	(1,924,645)	(5,011,076)
Proceeds from Note Issuance	1,000,000	-
Principal Paid on Notes Payable	(378,286)	(400,000)
Principal Paid on Debt Obligation to Commission	(171,090)	(161,981)
Principal Paid on Bonds	(1,599,000)	(1,561,000)
Interest Paid on Long-Term Debt	(491,544)	(581,075)
Principal Paid on Leased Assets	(277,522)	(1,239,231)
Interest Paid on Leased Assets	(93,276)	(120,711)
Principal Paid on Subscription Assets	(127,361)	-
Interest Paid on Subscription Assets	(27,069)	-
Other Nonoperating Receipts	4,016,362	6,445,348
Proceeds from/(Funding of) Restricted Cash and Cash Equivalents	(12,723)	2,979,737
Fees Assessed by Commission for Debt Service	(17,513)	(16,741)
Net Cash Provided (Used) by Capital Financing Activities	(103,667)	333,270
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	340,214	9,256
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,831,600	(270,175)
Cash and Cash Equivalents - Beginning of Year	9,902,976	10,173,151
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 11,734,576	\$ 9,902,976

See accompanying Notes to Financial Statements.

**WEST LIBERTY UNIVERSITY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (12,360,968)	\$ (15,375,676)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	4,075,190	4,591,176
Bad Debt Expense	(666,882)	(104,707)
Payments on Behalf of the University for Employee Benefits	(320,575)	(87,361)
Effect of Changes in Operating Assets, Deferred Outflows, Liabilities, and Deferred Inflows:		
Accounts Receivable	1,341,655	155,890
Loans to Students	61,619	91,151
Prepaid Expenses	378	(4,937)
Inventories	(14,678)	(35,756)
Accounts Payable	80,035	(27,245)
Due to Commission	(23,336)	14,162
Accrued Liabilities	(704,425)	(74,840)
Compensated Absences	(97,074)	15,731
Other Postemployment Benefits	412,278	(1,392,005)
Net Pension Liability	33,938	(179,258)
Deferred Outflows - Pension	37,625	8,536
Deferred Outflows - OPEB	(20,269)	484,272
Deferred Inflows - Pension	(131,361)	78,484
Deferred Inflows - OPEB	(1,870,826)	(963,486)
Unearned Revenues	(828,196)	388,400
Advances from Federal Sponsors	(88,286)	(280,042)
Net Cash Used by Operating Activities	\$ (11,084,158)	\$ (12,697,511)
<b>NONCASH TRANSACTIONS</b>		
Capital Asset Additions in Accounts Payable and Accrued Liabilities	\$ 172,591	\$ 327,651
Capital Assets Acquired with Leases and SBITAs	\$ 270,101	\$ 168,619

See accompanying Notes to Financial Statements.

**WEST LIBERTY UNIVERSITY  
WEST LIBERTY UNIVERSITY FOUNDATION, INCORPORATED  
COMPONENT UNIT – STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 155,351	\$ 121,583
Unconditional Promises to Give, Net	217,305	417,502
Accrued Interest and Dividends	7,553	7,553
Investments	22,143,601	20,312,268
Beneficial Interest in Perpetual Trust	2,364,761	2,295,852
Right-of-Use Asset - Operating Leases	49,987	-
Other Assets	55,920	55,920
	\$ 24,994,478	\$ 23,210,678
Total Assets		
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Liability for Charitable Gift Annuities	\$ 6,925	\$ 13,240
Lease Liability - Operating Leases	49,987	-
Total Liabilities	56,912	13,240
<b>NET ASSETS</b>		
Without Donor Restriction	1,694,408	1,654,987
With Donor Restriction	23,243,158	21,542,451
Total Net Assets	24,937,566	23,197,438
Total Liabilities and Net Assets	\$ 24,994,478	\$ 23,210,678

See accompanying Notes to Financial Statements.

**WEST LIBERTY UNIVERSITY  
WEST LIBERTY UNIVERSITY FOUNDATION, INCORPORATED  
COMPONENT UNIT – STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 236,103	\$ 1,310,142	\$ 1,546,245
In-Kind Contributions	-	17,795	17,795
Investment Income, Net	134,079	1,834,049	1,968,128
Change in Value of Split-Interest Agreements	-	68,909	68,909
Other Income	137,307	-	137,307
Net Assets Released from Restriction and Other	1,530,188	(1,530,188)	-
Total Support and Revenues	<u>2,037,677</u>	<u>1,700,707</u>	<u>3,738,384</u>
<b>EXPENSES</b>			
West Liberty University Program Services:			
Scholarships	759,608	-	759,608
Athletic Programs	309,152	-	309,152
Academic Programs	303,692	-	303,692
Capital Improvements	145,223	-	145,223
Other Programs	73,710	-	73,710
Supporting Services:			
General and Administrative	359,532	-	359,532
Fundraising	4,378	-	4,378
Costs of Direct Benefits to Donors	42,961	-	42,961
Total Expenses	<u>1,998,256</u>	<u>-</u>	<u>1,998,256</u>
<b>CHANGES IN NET ASSETS</b>	39,421	1,700,707	1,740,128
Net Assets - Beginning of Year	<u>1,654,987</u>	<u>21,542,451</u>	<u>23,197,438</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 1,694,408</u></u>	<u><u>\$ 23,243,158</u></u>	<u><u>\$ 24,937,566</u></u>

See accompanying Notes to Financial Statements.

**WEST LIBERTY UNIVERSITY  
WEST LIBERTY UNIVERSITY FOUNDATION, INCORPORATED  
COMPONENT UNIT – STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 376,543	\$ 1,673,758	\$ 2,050,301
In-Kind Contributions	-	201,533	201,533
Investment Income, Net	(24,627)	(2,477,833)	(2,502,460)
Change in Value of Split-Interest Agreements	-	(503,324)	(503,324)
Other Income	117,561	-	117,561
Net Assets Released from Restriction and Other	1,457,396	(1,457,396)	-
Total Support and Revenues	<u>1,926,873</u>	<u>(2,563,262)</u>	<u>(636,389)</u>
<b>EXPENSES</b>			
West Liberty University Program Services:			
Scholarships	514,248	-	514,248
Athletic Programs	255,478	-	255,478
Academic Programs	285,418	-	285,418
Capital Improvements	546,647	-	546,647
Other Programs	13,406	-	13,406
Supporting Services:			
General and Administrative	331,184	-	331,184
Fundraising	4,407	-	4,407
Costs of Direct Benefits to Donors	12,581	-	12,581
Total Expenses	<u>1,963,369</u>	<u>-</u>	<u>1,963,369</u>
<b>CHANGES IN NET ASSETS</b>	(36,496)	(2,563,262)	(2,599,758)
Net Assets - Beginning of Year	<u>1,691,483</u>	<u>24,105,713</u>	<u>25,797,196</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 1,654,987</u></u>	<u><u>\$ 21,542,451</u></u>	<u><u>\$ 23,197,438</u></u>

See accompanying Notes to Financial Statements.



**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION**

West Liberty University (the University) is governed by the West Liberty University Board of Governors (the Board). The Board was established by Senate Bill 653 (S.B. 653).

Powers and duties of the Board include, but are not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the University under its jurisdiction, the duty to develop a master plan for the institution, the power to prescribe the specific functions and the University's budget request, the duty to review, at least every five years, all academic programs offered at the University, and the power to fix tuition and other fees for the different classes or categories of students enrolled at its institution.

S.B. 653 also created the West Virginia Higher Education Policy Commission (the Commission), which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by Governmental Accounting Standards Board (GASB) standards. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

**Reporting Entity**

The University is a blended component unit of the West Virginia Higher Education Fund which represents separate funds of the State of West Virginia (the State) that are not included in the State's general fund. The University is a separate entity which, along with all the State institutions of higher education, the Commission (which includes the West Virginia Network for Educational Telecomputing (WVNET), and the West Virginia Council for Community and Technical University Education, form the Higher Education Fund of the State. The Higher Education Fund is considered a component unit of the State, and its financial statements are discretely presented in the State's comprehensive annual financial report.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (Continued)**

A related organization of the University, the West Liberty University Foundation, Incorporated (the Foundation) is part of the University reporting entity under GASB and is included in the accompanying financial statements, as a discretely presented component unit, as the University has no ability to designate management, cannot significantly influence operations of this entity, and is not accountable for the fiscal matters of the Foundation. The Foundation is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from the GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein (see also Note 19).

**Financial Statement Presentation**

GASB establishes standards for external financial reporting for public universities and universities and requires that financial statements be presented on a basis to focus on the University as a whole. Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of University obligations. The University's net position is classified as follows:

*Net Investment in Capital Assets* – This represents the University's total investment in capital assets, net of depreciation, capital related deferred inflows and outflows, and outstanding debt obligations related to those capital assets. To the extent that debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

*Restricted Net Position – Expendable* – This includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

The West Virginia State Legislature (the State Legislature), as a regulatory body outside the reporting entity, has restricted the use of certain funds, by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education* of the West Virginia State Code. House Bill 101 passed in March 2004 simplified the tuition and fee restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the State Legislature.

*Restricted Net Position – Nonexpendable* – This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. The University does not have any restricted nonexpendable net position as of June 30, 2023 and 2022.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation (Continued)**

*Unrestricted Net Position* – This represents resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the Board to meet current expenses for any purpose.

**Basis of Accounting**

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenses are reported when materials or services are received.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the University considers all highly liquid investments with an original maturity of three months or less, at the time of acquisition, to be cash and cash equivalents. Any cash and cash equivalents escrowed, restricted as noncurrent assets, or in funded reserves have not been included in cash and cash equivalents for the cash flow statement purposes.

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the State Treasurer) are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI, and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia Code, policies set by the BTI, provisions of bond indentures, and the trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost, which approximates fair value.

Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources in accordance with GASB. The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short-Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents (Continued)**

The BTI maintains the Consolidated Fund investment fund, which consists of eight investment pools and participant-directed accounts, three of which the Commission may invest in. These pools have been structured as multi-participant variable net position funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual audited financial report. A copy of that annual report can be obtained from the following address: 1900 Kanawha Boulevard East, Room E-122, Charleston, WV 25305 or <http://www.wvbt.com>.

**Allowance for Doubtful Accounts**

It is the University's policy to provide for future losses on uncollectible accounts, contracts, grants, and loans receivable based on an evaluation of the underlying account, contract, grant, and loan balances, the historical collectability experienced by the University on such balances, and such other factors which, in the University's judgment, require consideration in estimating doubtful accounts.

**Inventories**

Inventories are stated at the lower of cost or market, cost being determined on the first-in, first-out method.

**Noncurrent Cash, Cash Equivalents, and Investments**

Cash, cash equivalents, and investments that are (1) externally restricted to make debt service payments, long-term loans to students, or to maintain sinking or reserve funds or (2) to purchase capital or other noncurrent assets, are classified as noncurrent assets in the accompanying statements of net position. Some of these funds may be held by trustees in accordance with the University's debt related trust indentures.

**Capital Assets**

Capital assets include property, plant, and equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or acquisition value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements, 7 years for library books, and 3 to 12 years for furniture and equipment. The University capitalizes all purchases of library books and uses a capitalization threshold of \$5,000 for other capital assets.

**Subscription-Based Information Technology Arrangements (SBITA) Assets**

SBITA assets include various software used for educational and administrative purposes for various terms under long-term, noncancelable agreements. SBITA assets are stated at the total amount of payments over the term of the agreement. Amortization is computed using the straight-line method over the term of the agreement. The College uses a capitalization threshold of \$5,000 for SBITA assets.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Unearned Revenues**

Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenues, including items such as tuition, football ticket sales, orientation fees, room and board. Financial aid and other deposits are separately classified as deposits.

**Compensated Absences and Other Postemployment Benefits (OPEBs)**

GASB provides standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expenditures, assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. Effective July 1, 2007, the University was required to participate in this multiple employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State. Details regarding this Plan and its stand-alone financial statements can be obtained by contacting West Virginia Public Employees Insurance Agency (PEIA), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia 25305-0710 or <http://www.wvpeia.com> (Note 10).

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave or payments in lieu of accrued vacation or sick leave as such benefits are earned and payment becomes probable. The University's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1½ sick-leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988 or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later will no longer receive sick-leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is now provided for under the multiple-employer cost-sharing plan sponsored by the State.

**WEST LIBERTY UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences and Other Postemployment Benefits (OPEBs) (Continued)**

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally, 3½ years of teaching service extend health insurance for one year of single coverage and five years extend health insurance for one year of family coverage. Faculty hired after July 1, 2009, will no longer receive years of service credit toward insurance premiums when they retire. Employees hired after July 1, 2010 receive no health insurance premium subsidy from the University. Two groups of employees hired after July 1, 2010 will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010, who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who retired before July 1, 2010, return to active service after July 1, 2010, and then go back into retirement. In those cases, the original hire date will apply.

The estimated expense and expense incurred for the vacation leave or OPEB benefits are recorded as a component of benefits expense on the statements of revenues, expenses, and changes in net position.

**Net Pension Liability**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (TRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the TRS fiduciary net position have been determined on the same basis as they are reported on the TRS financial statements, which can be found at <https://www.wvretirement.com/Publications.html#CAFR>. The Plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions.

The investments are reported at fair value. Detailed information on investment valuation can be found in the TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ (Note 13).

**Deferred Outflows of Resources**

Consumption of net assets by the University that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. As of June 30, 2023 and 2022, the University had deferred outflows related to net deferred loss on refunding of debt, pension, and other postemployment benefits.

**WEST LIBERTY UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflows of Resources**

An acquisition of net assets by the University that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position. As of June 30, 2023 and 2022, the University had deferred inflows from service concession arrangements, pension, and other postemployment benefits.

**Risk Management**

The State's Board of Risk and Insurance Management (BRIM) provides general, property and casualty, and liability coverage to the University and its employees. Such coverage is provided to the University by BRIM through self-insurance programs maintained by BRIM or policies underwritten by BRIM that may involve experience-related premiums or adjustments to BRIM.

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the University or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums the University is currently charged by BRIM and the ultimate cost of that insurance based on the University's actual loss experience. In the event such differences arise between estimated premiums currently charged by BRIM to the University and the University's ultimate actual loss experience, the difference will be recorded as the change in estimate becomes known.

In addition, through its participation in the PEIA and third-party insurers, the University has obtained health, life, prescription drug coverage, and coverage for job-related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party insurers, the University has transferred its risks related to health, life, prescription drug coverage, and job-related injuries.

Settled claims have not exceeded these coverage's for the past three years.

**Classification of Revenues**

The University has classified its revenues according to the following criteria:

*Operating Revenues* – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; (3) most federal, state, local, and nongovernmental grants and contracts; and (4) sales and services of educational activities.

*Nonoperating Revenues* – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell Grants, investment income, and the sale of capital assets (including natural resources).



**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Classification of Revenues (Continued)**

*Other Revenues* – Other revenues consist primarily of grants and gifts for capital purchases.

**Use of Restricted Net Position**

The University has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Generally, the University attempts to utilize restricted net position first when practicable. The University did not have any designated net position funds as of June 30, 2023 and 2022.

**Federal Financial Assistance Programs**

The University makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through entities like the University. Direct student loan receivables are not included in the University's statements of net position, as the loans are repayable directly to the U.S. Department of Education. In 2023 and 2022, the University received and disbursed \$12,050,000 and \$11,809,000, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

The University also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Education Opportunity Grant, Academic Competitive Grant, Science Math Access to Retain Talent Grant, Federal Teacher Education Assistance for University and Higher Education Grant, and University Work Study programs and U.S. Department of Education Miscellaneous Funds. The activity of these programs is recorded in the accompanying financial statements. In 2023 and 2022, the University received and disbursed approximately \$3,544,000 and \$3,582,000, respectively, under these federal student aid programs.

**Scholarship Allowances**

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the accompanying statements of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the student's behalf.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Scholarship Allowances (Continued)**

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of University and University Business Officers. Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a University basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

**Government Grants and Contracts**

Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The University recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years.

**Service Concession Arrangements**

The University had service concession arrangements for the operation of the University bookstore and food services. Significant renovations made to University facilities by service concession vendors are capitalized and revenues are deferred and accreted over the life of the contract.

**Income Taxes**

The University is exempt from income taxes, except for unrelated business income, as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service.

**Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Risks and Uncertainties**

Investments, including restricted cash and cash equivalents held in external pools, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain securities, it is reasonably possible that changes in risk and values will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**WEST LIBERTY UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Newly Adopted Statements Issued by the Governmental Accounting Standards Board**

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard provides accounting and financial reporting requirements for public-private and public-public partnership arrangements (PPPs) that either meet the definition of an SCA or are not within the scope of Statement 87, as amended. This standard also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which are arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The University adopted the requirements of the guidance effective July 1, 2022 and had no impact on the University's financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The adoption of this standard had no effect on the College's financial statements.

**NOTE 3 CASH AND CASH EQUIVALENTS**

The composition of cash and cash equivalents held at June 30, 2023 and 2022 was as follows:

<u>2023</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
With State Treasurer	\$ 11,437,881	\$ -	\$ 11,437,881
Held by Trustee Bank	-	286,555	286,555
In Bank	294,055	-	294,055
On Hand	2,640	-	2,640
Total	<u>\$ 11,734,576</u>	<u>\$ 286,555</u>	<u>\$ 12,021,131</u>
<u>2022</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
With State Treasurer	\$ 8,834,646	\$ -	\$ 8,834,646
Held by Trustee Bank	-	273,832	273,832
In Bank	1,065,690	-	1,065,690
On Hand	2,640	-	2,640
Total	<u>\$ 9,902,976</u>	<u>\$ 273,832</u>	<u>\$ 10,176,808</u>

**WEST LIBERTY UNIVERSITY**  
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**NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)**

Cash and cash equivalents with the Trustee Bank include deposits held by the Bond Trustee for the bonds issued in May 2012, March 2013, and September 2018. The University uses WesBanco Bank (the Trustee Bank) as its trustee bank for the bond proceeds. The total amount held by the Trustee Bank on June 30, 2023 and 2022 was \$286,555 and \$273,832, respectively, and was invested in Federated U.S. Treasury Cash Reserves. These funds are rated AAAm by Standard & Poor's and Aaa by Moody's. These funds have neither significant custodial credit risk nor interest rate risk. These funds are neither exposed to a concentration of credit risk nor any foreign currency risk.

The carrying amount of other cash in bank at June 30, 2023 and 2022 was \$294,055 and \$1,065,690, respectively, as compared with the bank balance of \$294,055 and \$1,065,690, respectively. The difference in these balances was primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by State's agent. Regarding federal depository insurance, accounts are 100% insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash and cash equivalents in the bank included \$-0- of restricted cash for grants as of June 30, 2023 and 2022.

Amounts with the State Treasurer as of June 30, 2023 and 2022 are comprised of two investment pools, the WV Money Market Pool and the WV Short-Term Bond Pool.

*Credit Risk* — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following table provides information on the Standard & Poor's rating of the investment pools as of June 30:

External Pool	2023		2022	
	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	\$ 9,878,275	AAAm	\$ 8,629,791	AAAm
WV Short-Term Bond Pool	701,477	Not Rated	204,855	Not Rated
Total	<u>\$ 10,579,752</u>		<u>\$ 8,834,646</u>	

A Fund rated AAAm has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. AAAm is the highest principal stability fund rating assigned by Standard & Poor's.

*Interest Rate Risk* — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All the amounts with the State Treasurer are subject to interest rate risk. The following table provides information on the weighted-average maturities for the WV Money Market Pool:

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**NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)**

External Pool	2023		2022	
	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	<u>\$ 9,878,275</u>	29	<u>\$ 8,629,791</u>	21

The following table provides information on the effective duration for the WV Short-Term Bond Pool:

External Pool	2023		2022	
	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short-Term Bond Pool	<u>\$ 701,477</u>	609	<u>\$ 204,855</u>	584

*Other Investment Risks* — Other investment risks include concentration of credit risk, custodial credit risk, and foreign currency risk. None of BTI's Consolidated Fund's investment pools or accounts are exposed to these risks as described below.

**Cash and Cash Equivalents in Bank with Trustee**

*Credit Risk* — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Cash in bank with Trustee is governed by provisions of the bond agreement.

Investment Type	Carrying Value	
	2023	2022
Federated U.S. Treasury Cash Reserves	<u>\$ 286,555</u>	<u>\$ 273,832</u>

The objective of the money market fund is to increase the current level of income while continuing to maintain liquidity and capital. Assets are invested in high quality, short-term money market instruments.

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University does not have a formal custodial credit risk policy.

**Interest Rate Risk and Concentration of Credit Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The BTI's investment policy limits investment maturities from potential fair value losses due to increasing interest rates. No more than 5% of the money market fund's total market value may be invested in the obligations of a single issuer, with the exception of the U.S. government and its agencies. The University does not have formal interest rate or concentration of credit risk policies.

**WEST LIBERTY UNIVERSITY**  
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**NOTE 4 ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2023 and 2022 were as follows:

	2023	2022
Student Tuition and Fees - Net of Allowance for Doubtful Accounts of \$434,078 in 2023 and \$668,730 in 2022	\$ 425,806	\$ 923,138
Due from West Virginia Agencies	41,609	-
Interest Receivable on State Cash Accounts	41,609	4,932
Grants and Contracts Receivable	368,617	473,131
Other Receivables	207,314	304,563
Total	\$ 1,084,955	\$ 1,705,764

**NOTE 5 CAPITAL ASSETS**

Capital asset transactions for the years ended June 30, 2023 and 2022 were as follows:

	2023			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 701,263	\$ -	\$ -	\$ 701,263
Construction in Progress	4,665,978	699,576	4,106,337	1,259,217
Total Capital Assets Not Being Depreciated	\$ 5,367,241	\$ 699,576	\$ 4,106,337	\$ 1,960,480
Other Capital Assets:				
Infrastructure	\$ 13,319,250	\$ -	\$ -	\$ 13,319,250
Buildings	104,344,106	6,136,584	-	110,480,690
Leasehold Improvements	829,767	-	-	829,767
Equipment	9,349,876	468,131	-	9,818,007
Library Books	2,312,263	-	-	2,312,263
Total Other Capital Assets	130,155,262	6,604,715	-	136,759,977
Less: Accumulated Depreciation for:				
Infrastructure	6,855,136	722,773	-	7,577,909
Buildings	42,664,351	2,351,537	-	45,015,888
Leasehold Improvements	825,087	645	-	825,732
Equipment	7,955,880	503,694	-	8,459,574
Library Books	2,281,585	8,910	-	2,290,495
Total Accumulated Depreciation	60,582,039	3,587,559	-	64,169,598
Other Capital Assets - Net	\$ 69,573,223	\$ 3,017,156	\$ -	\$ 72,590,379

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	2023			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital Asset Summary:				
Capital Assets Not Being Depreciated	\$ 5,367,241	\$ 699,576	\$ 4,106,337	\$ 1,960,480
Other Capital Assets	130,155,262	6,604,715	-	136,759,977
Total Cost of Capital Assets	<u>135,522,503</u>	<u>7,304,291</u>	<u>4,106,337</u>	<u>138,720,457</u>
Less: Accumulated Depreciation	<u>60,582,039</u>	<u>3,587,559</u>	<u>-</u>	<u>64,169,598</u>
Capital Assets - Net	<u>\$ 74,940,464</u>	<u>\$ 3,716,732</u>	<u>\$ 4,106,337</u>	<u>\$ 74,550,859</u>
	2022			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 701,263	\$ -	\$ -	\$ 701,263
Construction in Progress	2,550,290	3,665,978	1,550,290	4,665,978
Total Capital Assets Not Being Depreciated	<u>\$ 3,251,553</u>	<u>\$ 3,665,978</u>	<u>\$ 1,550,290</u>	<u>\$ 5,367,241</u>
Other Capital Assets:				
Infrastructure	\$ 13,319,250	\$ -	\$ -	\$ 13,319,250
Buildings	102,733,986	1,610,120	-	104,344,106
Leasehold Improvements	829,767	-	-	829,767
Equipment	9,310,094	54,531	14,749	9,349,876
Leased Equipment	-	-	-	-
Library Books	2,304,166	8,097	-	2,312,263
Total Other Capital Assets	<u>128,497,263</u>	<u>1,672,748</u>	<u>14,749</u>	<u>130,155,262</u>
Less: Accumulated Depreciation for:				
Infrastructure	6,124,093	731,043	-	6,855,136
Buildings	40,611,663	2,052,688	-	42,664,351
Leasehold Improvements	824,442	645	-	825,087
Equipment	7,470,540	500,089	14,749	7,955,880
Library Books	2,271,358	10,227	-	2,281,585
Total Accumulated Depreciation	<u>57,302,096</u>	<u>3,294,692</u>	<u>14,749</u>	<u>60,582,039</u>
Other Capital Assets - Net	<u>\$ 71,195,167</u>	<u>\$ (1,621,944)</u>	<u>\$ -</u>	<u>\$ 69,573,223</u>



**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	2022			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital Asset Summary:				
Capital Assets Not Being Depreciated	\$ 3,251,553	\$ 3,665,978	\$ 1,550,290	\$ 5,367,241
Other Capital Assets	128,497,263	1,672,748	14,749	130,155,262
Total Cost of Capital Assets	131,748,816	5,338,726	1,565,039	135,522,503
Less: Accumulated Depreciation	57,302,096	3,294,692	14,749	60,582,039
Capital Assets - Net	\$ 74,446,720	\$ 2,044,034	\$ 1,550,290	\$ 74,940,464

The University maintains various collections of inexhaustible assets to which no value can be practically determined. Such collections include contributed works of art, historical treasures, and literature that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means. Accordingly, such collections are not capitalized or recognized for financial statement purposes.

The University had no construction commitments of as of June 30, 2023.

**NOTE 6 CHANGES IN LONG-TERM LIABILITIES**

Long-term obligation transactions for the University for the years ended June 30, 2023 and 2022 were as follows:

	2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable:					
Revenue Bonds Payable	\$ 16,005,000	\$ -	\$ (1,599,000)	\$ 14,406,000	\$ 1,646,000
Notes Payable from Direct Borrowings	1,578,286	1,000,000	(378,286)	2,200,000	250,000
Other Long-Term Liabilities:					
Advances from Federal Sponsors	342,061	-	(88,286)	253,775	-
Compensated Absences	1,026,837	-	(97,074)	929,763	158,831
OPEB Liability	-	323,613	-	323,613	-
Net Pension Liability	162,645	33,938	-	196,583	-
Debt Obligation to Commission	919,381	-	(171,090)	748,291	177,434
Total Long-Term Liabilities	\$ 20,034,210	\$ 1,357,551	\$ (2,333,736)	\$ 19,058,025	\$ 2,232,265

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 6 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)**

	2022				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable:					
Revenue Bonds Payable	\$ 17,566,000	\$ -	\$ (1,561,000)	\$ 16,005,000	\$ 1,599,000
Notes Payable from Direct Borrowings	1,978,286	-	(400,000)	1,578,286	378,286
Other Long-Term Liabilities:					
Advances from Federal Sponsors	622,103	-	(280,042)	342,061	19,158
Compensated Absences	1,011,106	265,257	(249,526)	1,026,837	151,465
OPEB Liability	1,303,340	-	(1,303,340)	-	-
Net Pension Liability	341,903	-	(179,258)	162,645	-
Debt Obligation to Commission	1,081,362	-	(161,981)	919,381	171,091
Total Long-Term Liabilities	<u>\$ 23,904,100</u>	<u>\$ 265,257</u>	<u>\$ (4,135,147)</u>	<u>\$ 20,034,210</u>	<u>\$ 2,319,000</u>

**NOTE 7 BONDS PAYABLE**

Bonds payable at June 30, 2023 and 2022 consisted of the following:

	Interest Rates	Annual Principal Installment Due	2023	2022
			Principal Amount Outstanding	Principal Amount Outstanding
Series 2012 Due 2027	2.000-3.250%	\$565,000 - \$785,000	\$ 3,560,000	\$ 4,255,000
Series 2013 Due 2028	1.300-2.680	580,000 - 765,000	3,505,000	4,195,000
Series 2018 Due 2038	3.650	192,000 - 366,000	4,321,000	4,535,000
Series 2021 Due 2036	2.174	70,000 - 365,000	3,020,000	3,020,000
Total			<u>\$ 14,406,000</u>	<u>\$ 16,005,000</u>

The Board of Governors of the University issued bonds on May 1, 2012: the University Revenue Bonds, Series 2012 (the Series 2012 Bonds) for \$10,000,000. The proceeds of the Series 2012 Bonds were used to finance certain capital improvements to the University. The University set up a separate 2012 Capital Fee to be used solely for the payment of the bonds. The University drew the required full principal amount by June 12, 2013. The bond proceeds were expended from the trustee as funds are requested for payments on capital projects that were preapproved by the Board of Governors of the University. As of June 30, 2023, \$10,000,000 had been expended from the bond proceeds for costs of issuance and capital expenditures on the Series 2012 Bonds.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 7 BONDS PAYABLE (CONTINUED)**

The Board of Governors of the University issued bonds on March 6, 2013: the University Revenue Refunding Bonds, Series 2013 (the Series 2013 Bonds) for \$9,810,000. The proceeds of the Series 2013 Bonds were issued to (1) currently refund in full the outstanding Series 2003A, 2003B, and 2003C Bonds and (2) pay the costs of issuance of the Series 2013 Bonds and related costs. The Auxiliary and Institutional Capital Fees originally set up for the Series 2003A, 2003B, and 2003C Bonds are to be used solely for the payment of the Series 2013 Bonds. This issuance of the Series 2013 Bonds resulted in a loss of \$103,105 (which is reflected as deferred outflows of resources on the statement of net position and being amortized over the shorter of the life of the refunded or refunding debt) and an economic gain of \$2,702,042.

The Board of Governors of the University issued bonds on September 20, 2018: the University Capital Improvement Revenue Bonds, Series 2018 (the Series 2018 Bonds) for \$5,132,000. The proceeds of the Series 2018 Bonds were issued to finance certain capital improvements to the University. The bond proceeds are being expended from the trustee as funds are requested for payments on capital projects that were preapproved by the Board of Governors of the University. As of June 30, 2023, \$4,878,735 had been expended from the bond proceeds for costs of issuance and capital expenditures on the Series 2018 Bonds.

The Board of Governors of the University issued bonds on May 20, 2021: the University Capital Improvement Revenue Bonds, Series 2021 (the Series 2021 Bonds) for \$3,020,000. The proceeds of the Series 2021 Bonds were issued to finance certain capital improvements to the University. The bond proceeds are being expended from the trustee as funds are requested for payments on capital projects that were preapproved by the Board of Governors of the University. As of June 30, 2023, \$2,987,166 had been expended from the bond proceeds for costs of issuance and capital expenditures on the Series 2021 Bonds. The Series 2021 Bonds are secured by the unspent proceeds being held in escrow by the trustee, which is included in cash and cash equivalents, held by trustee in the accompanying statements of net position. The Series 2021 bonds are also secured by equipment purchased from bond proceeds.

The Bonds are special obligations of the State and are not general obligations or a debt of the State. Neither the credit nor the taxing power of the State is pledged for the payment of the Bonds. The above bond issues are fully insured as to principal and interest by the Federal Guaranty Insurance Company.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 7 BONDS PAYABLE (CONTINUED)**

A summary of the annual aggregate principal and interest payments for years subsequent to June 30, 2023 is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,646,000	\$ 417,136	\$ 2,063,136
2025	1,759,000	369,300	2,128,300
2026	1,923,000	317,125	2,240,125
2027	2,002,000	259,453	2,261,453
2028	1,596,000	194,084	1,790,084
2029-2033	2,831,000	609,008	3,440,008
2034-2038	2,649,000	195,969	2,844,969
Total	<u>\$ 14,406,000</u>	<u>\$ 2,362,075</u>	<u>\$ 16,768,075</u>

**NOTE 8 LEASE LIABILITIES**

The University leases various equipment and building assets for various terms under long-term lease agreements. The leases expire at various dates through 2033 and provide for renewal option ranging from one year to five years. GASB 87 requires the use of an incremental borrowing rate (IBR) since the discount rate applied against lease payments is not specified in each of the University's leases. GASB 87 paragraph 23 defines the incremental borrowing rate as the rate a lessee would pay to borrow the lease payment amounts during the lease term. The University used the explicit borrowing rate provided by the lenders in the lease agreements for their vehicle and bus fleets. For the buildings, the rate was not explicitly stated, and the University used a range of 2.50% - 6.00%, based on rates and information provided by the lender. The following summary provides aggregated information reported for June 30, 2023 leased assets:

	<u>Beginning Cost</u>	<u>Accumulated Amortization</u>	<u>Net Value</u>
Buildings	\$ 2,299,827	\$ 382,512	\$ 1,917,315
Vehicles	303,968	172,670	131,298
Other	83,801	33,698	50,103
Total	<u>\$ 3,721,025</u>	<u>\$ 1,296,485</u>	<u>\$ 2,098,716</u>

Future minimum lease payments under the lease agreements at June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 251,745	\$ 79,384	\$ 331,129
2025	224,871	67,208	292,079
2026	182,413	59,500	241,913
2027	189,257	52,655	241,912
2028	194,105	45,625	239,730
2028-2032	1,141,040	109,755	1,250,795
2033-2036	20,841	-	20,841
Total	<u>\$ 2,204,272</u>	<u>\$ 414,127</u>	<u>\$ 2,618,399</u>

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 NOTES PAYABLE**

On September 25, 2018, the University purchased two pieces of property adjacent to the University for \$623,903. To fund the purchase of this property, the University mortgaged the property with a bank with two loans totaling \$473,903. The loans are interest free and mature on September 1, 2022.

On March 15, 2020, the University borrowed \$1,000,000 from the West Virginia Higher Education Policy Commission to fund energy and water savings projects on campus. The loan is interest free and matures on March 31, 2025. In September 2020, the University borrowed an additional \$1,000,000. The loan is interest free and matures on March 31, 2031. On January 31, 2023, the University borrowed an additional \$1,000,000. This loan is interest free and matures on July 1, 2033.

Future principal payments on these notes payable as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 250,000
2025	300,000
2026	300,000
2027	100,000
2028	100,000
Thereafter	1,150,000
Total	<u>\$ 2,200,000</u>

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS**

Employees of the University are enrolled in the West Virginia Other Postemployment Benefit Plan (the OPEB plan) which is administered by the West Virginia Public Employees Insurance Agency (PEIA) and the West Virginia Retiree Health Benefit Trust Fund (the RHBT).

Following is the University's other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, revenues, and other postemployment benefits expense and expenditures for the fiscal years ended June 30, 2023 and 2022 (dollars in thousands):

	<u>2023</u>	<u>2022</u>
Net OPEB (Asset) Liability	<u>\$ 324</u>	<u>\$ (89)</u>
Deferred Outflows of Resources	<u>\$ 569</u>	<u>\$ 549</u>
Deferred Inflows of Resources	<u>\$ 1,322</u>	<u>\$ 3,193</u>
Revenues (Expense)	<u>\$ (357)</u>	<u>\$ (81)</u>
OPEB Expense	<u>\$ 1,355</u>	<u>\$ 1,544</u>
Contributions Made by the University	<u>\$ 273</u>	<u>\$ 342</u>

**WEST LIBERTY UNIVERSITY  
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**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Plan Description**

The OPEB plan is a cost-sharing, multiple-employer, defined-benefit other postemployment benefit plan that covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in West Virginia Code Section 5-16D-2 (the Code). Plan benefits are established and revised by PEIA and the RHBT with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years, and are eligible for reappointment. The State Department of Administration secretary serves as Chairman of the Board. Four members represent labor, education, public employees, and public retirees. Four remaining members represent the public-at-large.

Active employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the applicable State retirement system and if their last employer immediately prior to retirement is a participating employer under the Consolidated Public Retirement Board (CPRB) and, as of July 1, 2008 forward, is a participating employer with PEIA. Active employees who, as of July 1, 2008, have 10 years or more of credited service in the CPRB and whose employer at the time of their retirement does participate with CPRB, but does not participate with PEIA will be eligible for PEIA retiree coverage provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by PEIA, that the employer will pay to PEIA the nonparticipating retiree premium on behalf of the retiree or retirees, or that the retiree agrees to pay the entire unsubsidized premium themselves. Employees who participate in non-State retirement systems but that are CPRB system affiliated, contracted, or approved (such as TIAA-CREF and Empower Retirement), or are approved, in writing, by the PEIA Director must, in the case of education employees, meet the minimum eligibility requirements of the State Teachers Retirement System (STRS), and in all other cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

The financial activities of the OPEB plan are accounted for in the RHBT, a fiduciary fund of the State of West Virginia. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and the OPEB expense, the information used is consistent with that reported on the RHBT financial statements. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at [www.peia.wv.gov](http://www.peia.wv.gov).

**Benefits Provided**

The OPEB plan provides the following benefits: medical and prescription drug insurance and life insurance. The medical and prescription drug insurance is provided through two options: the self-insured preferred provider benefit plan option, which is primarily for non-Medicare-eligible retirees and spouses; and the external managed care organization option, which is primarily for Medicare-eligible retirees and spouses.

**WEST LIBERTY UNIVERSITY  
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**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Contributions**

Pay as you go premiums (paygo) are established by the Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The active premiums subsidize the retirees' health care. There will be no paygo billed in Fiscal Year 2024.

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988 may convert accrued sick or vacation leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988 to June 30, 2001 may convert sick or vacation leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and vacation leave days per month for single healthcare coverage and three days of unused sick and vacation leave days per month for family healthcare coverage.

Employees hired on or after July 1, 2001 no longer receive sick and/or vacation leave credit toward the required retiree healthcare contribution when they retire. All retirees have the option to purchase continued coverage regardless of their eligibility for premium credits.

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally, 3½ years of teaching service extend health insurance coverage for one year of family coverage. Faculty hired after July 1, 2009 no longer receive years of service credit toward insurance premiums when they retire. Faculty hired on or after July 1, 2010 receive no health insurance premium subsidy when they retire. Two groups of employees hired after July 1, 2010 will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010 who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who had an original hire date prior to July 1, 2010 may return to active employment. In those cases, the original hire date may apply.

**WEST LIBERTY UNIVERSITY**  
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**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Basis of Allocation**

OPEB amounts have been allocated to each contributing employer based on their proportionate share of employer contributions to the RHBT for the fiscal year ended June 30, 2022. Effective July 1, 2017, certain employers that met the plan's opt out criteria and chose not to participate in the plan coverage were no longer required to make contributions to the plan. The amounts previously allocated to such employers for the net OPEB liability and related deferred inflows, and deferred outflows are reallocated to the remaining employers participating in the cost sharing plan. The plan reallocates these balances to the remaining active employers based on their proportionate share of contributions made in the period of reallocation.

**Assumptions**

The June 30, 2023 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2021, and a measurement date of June 30, 2022. The June 30, 2022 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2021, and a measurement date of June 30, 2021. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.75%.
- Discount rate: 6.65%
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% for plan year-end 2023, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year-end 2032. Trend rate for Medicare per capita costs of 8.83% for plan year-end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year-end 2032.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-years.
- Mortality rates: Postretirement, Pub-2010 general Healthy Retiree Mortality Tables (100% males, 108% females) projected with MP-2021. Pre-retirement, Pub-2010 general Healthy Retiree Mortality Tables (100% males, 100% females) projected with MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. There were no assumption changes from the actuarial valuation as of June 30, 2022, measured at June 30, 2021 to a roll-forward measurement date of June 30, 2020.



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**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Assumptions (Continued)**

The long-term investment rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the West Virginia Investment Management Board (IMB) and an expected short-term rate of return of 2.50% for assets invested with the WV Board of Treasury Investments (BTI).

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages. The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Global Equity	4.8 %	55.0 %
Core Plus Fixed Income	2.1	15.0
Core Real Estate	4.1	10.0
Hedge Fund	2.4	10.0
Private Equity	6.8	10.0
Total		<u>100.0 %</u>

**Discount rate.** The discount rate used to measure the OPEB liability was 6.65%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions will be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the net pension liability to changes in the discount rate.**

The following presents the College's proportionate share of the net OPEB liability as of June 30, 2023 and 2022 calculated using the discount rate of 6.65%, as well as what the College's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate (dollars in thousands):

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**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Assumptions (Continued)**

	One Percent Decrease (5.65%)	Current Discount Rate (6.65%)	One Percent Increase (7.65%)
Net OPEB (Asset) Liability 2023	\$ 832	\$ 324	\$ (112)
Net OPEB (Asset) Liability 2022	476	(89)	(557)

**Sensitivity of the net OPEB liability to changes in healthcare cost trend rates.**

The following presents the University's proportionate share of the net OPEB liability as of June 30, 2023 and 2022 calculated using the current healthcare cost trend rates, as well as what the University's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates (dollars in thousands):

	One Percent Decrease	Current Healthcare Cost Trend Rates	One Percent Increase
Net OPEB (Asset) Liability 2023	\$ (184)	\$ 324	\$ 924
Net OPEB (Asset) Liability 2022	(655)	(89)	601

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2023 and 2022, the amount recognized as the University's proportionate share of the net OPEB liability (asset) was approximately \$323,613 and (\$88,665), respectively. At June 30, 2023, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB liability (asset) is \$110,857 and the total net OPEB liability/(asset) attributable to the University is \$434,470. At June 30, 2022, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB liability is (\$17,459) and the total net OPEB liability attributable to the University is (\$106,124).

The allocation percentage assigned to each contributing employer is based on the employer's proportionate share of employer contributions to the RHBT for the fiscal years ended June 30, 2022 and June 30, 2021. Employer contributions are recognized when due. At June 30, 2022, the University's proportion was 0.290760405%, a decrease of 0.00007428% from its proportion of 0.298188531%, calculated as of June 30, 2021.

For the years ended June 30, 2023 and 2022, the University recognized OPEB expense of (\$1,205,443) and (\$1,543,507) respectively. Of this amount, (\$1,292,453) and (\$1,490,605) for the years ended June 30, 2023 and 2022, respectively, was recognized as the University's proportionate share of the OPEB expense, and (\$356,807) and (\$81,169) for the years ended June 30, 2023 and 2022, respectively, as the amount of OPEB expense attributed to special funding. The University also recognized revenue (expense) of (\$356,807) and (\$81,169) for the years ended June 30, 2023 and 2022, respectively, for support provided by the State.

**WEST LIBERTY UNIVERSITY**  
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**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Assumptions (Continued)**

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows (dollars in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	\$ 38	\$ 87
Net Difference Between Projected and Actual Investment Earnings	50	-
Differences Between Expected and Actual Experience	-	413
Changes in Assumptions	208	822
Contributions After the Measurement Date	273	-
Total	<u>\$ 569</u>	<u>\$ 1,322</u>

The University will recognize the \$273,279 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as a reduction to OPEB expense as follows (dollars in thousands):

<u>Fiscal Year Ended</u>	<u>Amortization</u>
June 30, 2024	\$ (923)
June 30, 2025	(214)
June 30, 2026	(147)
June 30, 2027	258
Total	<u>\$ (1,026)</u>

At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows (dollars in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	\$ 207	\$ 94
Net Difference Between Projected and Actual Investment Earnings	-	612
Differences Between Expected and Actual Experience	-	611
Changes in Assumptions	-	1,876
Contributions After the Measurement Date	342	-
Total	<u>\$ 549</u>	<u>\$ 3,193</u>

**WEST LIBERTY UNIVERSITY**  
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**NOTE 11 UNRESTRICTED NET POSITION**

The University did not have any designated unrestricted net position as of June 30, 2023 or 2022.

	<u>2023</u>	<u>2022</u>
Total Unrestricted Net Position Before OPEB Liability	\$ 7,367,659	\$ 3,627,770
Less: OPEB Liability (Asset)	<u>323,613</u>	<u>(88,665)</u>
Total Unrestricted Net Position	<u>\$ 7,044,046</u>	<u>\$ 3,716,435</u>

**NOTE 12 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS**

The University is a State institution of higher education, and the University receives a State appropriation to finance its operations. In addition, it is subject to the legislative and administrative mandates of State government. Those mandates affect all aspects of the University's operations, its tuition and fee structure, its personnel policies, and its administrative practices.

The State has chartered the Commission with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the State's universities and Universities, including certain facilities of the University. Financing for these facilities was provided through revenue bonds issued by the former Board of Regents or the former Boards of the University and University Systems (the Boards). These obligations administered by the Commission are the direct and total responsibility of the Commission, as successor to the former Boards.

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The education and general capital fees (previously tuition and registration fees) of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission, effective as of June 30, 2002.

For the years ended June 30, 2023 and 2022 the debt service allocations assessed were as follows:

	<u>2023</u>	<u>2022</u>
Principal	\$ 171,091	\$ 161,981
Interest	39,821	47,565
Other	<u>16,741</u>	<u>16,467</u>
Total	<u>\$ 227,653</u>	<u>\$ 226,013</u>

**WEST LIBERTY UNIVERSITY**  
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**NOTE 13 DEFINED BENEFIT PENSION PLAN**

Some employees of the University are enrolled in a defined benefit pension plan, the West Virginia Teachers' Retirement System (TRS), which is administered by the West Virginia Consolidated Public Retirement Board (CPRB).

Following is the University's pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2023 and 2022:

	2023	2022
Net Pension Liability	\$ 196,583	\$ 162,645
Deferred Outflows of Resources	\$ 29,429	\$ 67,054
Deferred Inflows of Resources	\$ 97,926	\$ 229,287
Revenues - Payments on Behalf of the University	\$ 36,232	\$ (6,192)
Pension Expense	\$ 57,474	\$ 103,805
Contributions Made by WLU	\$ 1,237	\$ 32,188

***Plan Description***

TRS is a multiple-employer defined-benefit cost sharing public employee retirement system providing retirement benefits as well as death and disability benefits. It covers all full-time employees of the 55 county public school systems in the State of West Virginia (the State) and certain personnel of the 13 State-supported institutions of higher education, State Department of Education and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the State-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991, are required to participate in the Higher Education Retirement System. TRS closed membership to new hires effective July 1, 1991.

TRS is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Comprehensive Annual Financial Report. TRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the Plan. A copy of the report may be obtained from the TRS website at <https://www.wvretirement.com/Publications.html#AnnualReport>.

***Benefits Provided***

TRS provides retirement, death, and disability benefits. A member is eligible for normal retirement at age 60 with five years of service, age 55 with 30 years of service or any age with 35 years of service. A member may retire with 30 years of credited service at any age with the pension reduced actuarially if the member retires before age 55. Terminated members with at least five, but less than 20, years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the five highest fiscal years of earnings during the last 15 fiscal years of earnings. Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan, including contribution rates, to the State Legislature.

**WEST LIBERTY UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 13 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

***Contributions***

The funding objective of the CPRB pension trust funds is to meet long-term benefit requirements through contributions, which remain relatively level as a percent of member payroll over time, and through investment earnings. Contribution requirements are set by CPRB. A member who withdraws from service for any cause other than death or retirement may request that the accumulated employee contributions plus interest be refunded.

**Member Contributions:** TRS funding policy provides for member contributions based on 6% of members' gross salary. Contributions as a percentage of payroll for members and employers are established by State law and are not actuarially determined.

**Employer Contributions:** Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the TDCRS;
4. a certain percentage of fire insurance premiums paid by State residents; and
5. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of the June 30, 2022 and 2021 measurement dates, respectively, the University's proportionate share attributable to this special funding subsidy was \$36,232 and (\$6,192) and is recorded as revenue/(expense).

The University's contributions to TRS for the years ended June 30, 2023, 2022, and 2021, were approximately \$1,237, \$32,188, and \$37,563, respectively.

***Assumptions***

The total pension liabilities for June 30, 2023 and 2022 financial reporting purposes were determined by actuarial valuations as of July 1, 2021 and 2020, respectively and rolled forward to June 30, 2022 and 2021, respectively. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair value.
- Amortization method and period for contributions: Level dollar, fixed period through fiscal year 2034.
- Investment rate of return of 7.50%, net of pension plan administrative and investment expenses.

**WEST LIBERTY UNIVERSITY  
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**NOTE 13 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

***Assumptions (Continued)***

- Projected salary increases: Teachers 2.75%-5.90% and Non-Teachers 2.75%–6.50%, based on age.
- Inflation rate of 2.75%.
- Discount rate of 7.25%.
- Mortality rates: Active – based on Pub-2010 General Employee Tables.
- Withdrawal rates: Teachers 7%-35% and Non-Teachers 2.30%-18%.
- Disability rates: 0.004%-0.563%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15%-100%, based on age, after 55.
- Ad hoc cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2014 to June 30, 2019. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric real rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2022 and June 30, 2021, are summarized below.

Asset Class	2022 Long-Term Expected Real Rate of Return	Target Allocation
Domestic Equity	5.3 %	27.5 %
International Equity	6.1	27.5
Core Fixed Income	2.2	15.0
Real Estate	6.5	10.0
Private Equity	9.5	10.0
Hedge Funds	3.8	10.0

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**NOTE 13 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

***Assumptions (Continued)***

Asset Class	2021 Long-Term Expected Real Rate of Return	Target Allocation
Domestic Equity	5.1 %	27.5 %
International Equity	5.2	27.5
Core Fixed Income	1.5	15.0
Real Estate	5.8	10.0
Private Equity	9.3	10.0
Hedge Funds	3.8	10.0

**Discount rate.** The discount rate used to measure the total TRS pension liability was 7.25% for fiscal years ending June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, TRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the net pension liability to changes in the discount rate.** The following presents the University's proportionate share of the TRS net pension liability as of June 30, 2023 and 2022 calculated using the discount rate of 7.25%, as well as what the University's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate (dollars in thousands).

	One Percent Decrease (6.25%)	Current Discount Rate (7.25%)	One Percent Increase (8.25%)
Net Pension Liability 2023	\$ 289	\$ 197	\$ 118
	One Percent Decrease (6.25%)	Current Discount Rate (7.25%)	One Percent Increase (8.25%)
Net Pension Liability 2022	\$ 287	\$ 163	\$ 57



**WEST LIBERTY UNIVERSITY**  
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**NOTE 13 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The June 30, 2023 TRS net pension liability was measured as of June 30, 2022, and the total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022. The June 30, 2022 TRS net pension liability was measured as of June 30, 2021, and the total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

At June 30, 2023 and 2022, the University's proportionate share of the TRS net pension liability was \$634,494 and \$526,332. Of this amount, the University recognized \$196,583 and \$162,645, respectively, as its proportionate share on the Statement of Net Position. The remainder of \$437,911 and \$363,678, respectively, denotes the University's proportionate share of net pension liability attributable to the special funding provided by the state.

The allocation percentage assigned to each participating employer and nonemployer contributing entity is based on their proportionate share of employer and nonemployer contributions to TRS for each of the fiscal years ended June 30, 2022 and 2021. Employer contributions are recognized when due. At the June 30, 2022 measurement date, the University's proportion was 0.0076430%, a decrease of 0.0027650% from its proportion of 0.010408%, calculated as of June 30, 2021.

For the years ended June 30, 2023 and 2022, the University recognized TRS pension expense of (\$17,755) and (\$97,357), respectively. Of this amount, (\$59,798) and (\$92,238), respectively was recognized as the University's proportionate share of the TRS (benefit) expense, \$36,232 and (\$6,192), respectively, as the amount of pension expense attributable to special funding from a nonemployer contributing entity and \$4,724 and \$-0-, respectively, as the amount of pension expense from a nonemployer contributing entity not attributable to a special funding situation. The University also recognized revenue/(expense) of (\$36,232) and (\$6,192), respectively, for support provided by the State.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

Deferred Outflows and Inflows	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	\$ 949	\$ 96,323
Net Difference Between Projected and Actual Investment Earnings	7,974	-
Difference Between Projected and Actual Experience	8,163	1,603
Changes in Assumptions	11,106	-
Contributions After Measurement Date	1,237	-
Total	<u>\$ 29,429</u>	<u>\$ 97,926</u>

The University will recognize the \$1,237 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows:

<u>Fiscal Year Ended</u>	<u>Amortization</u>
June 30, 2024	\$ (43,145)
June 30, 2025	(13,897)
June 30, 2026	(21,810)
June 30, 2027	12,115
June 29, 2028	(2,997)
Total	<u>\$ (69,734)</u>

**WEST LIBERTY UNIVERSITY  
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**NOTE 13 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to the TRS pension were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	\$ 1,423	\$ 94,528
Net Difference Between Projected and Actual Investment Earnings	-	129,996
Difference Between Projected and Actual Experience	13,251	4,763
Changes in Assumptions	20,192	-
Contributions After Measurement Date	32,188	-
Total	<u>\$ 67,054</u>	<u>\$ 229,287</u>

***Payables to the Pension Plan***

The University did not report any amounts payable for normal contributions to the TRS as of June 30, 2023 and 2022.

**NOTE 14 RETIREMENT PLANS**

Substantially all full-time employees of the University participate in either the West Virginia Teachers' Retirement System (the TRS) or the Teachers' Insurance and Annuities Association – University Retirement Equities Fund (the TIAA-CREF). (See Note 13 for information regarding TRS).

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the new Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan.

The TIAA-CREF and Educators Money are defined-contribution benefit plans in which benefits are based solely upon amounts contributed, plus investment earnings. Employees who elect to participate in these plans are required to make a contribution equal to 6% of total annual compensation. The University matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF and Educators Money, which are not matched by the University.

**WEST LIBERTY UNIVERSITY**  
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**JUNE 30, 2023 AND 2022**

**NOTE 14 RETIREMENT PLANS (CONTINUED)**

Total contributions to the TIAA-CREF for the years ended June 30, 2023, 2022, and 2021 were \$2,180,810, \$2,107,550, and \$2,036,102, respectively, which consisted of equal contributions from the University and covered employees of \$1,090,405 in 2023, \$1,053,775 in 2022, and \$1,018,051 in 2021.

Total contributions to the Educators Money for the years ended June 30, 2023, 2022, and 2021 were \$38,932, \$42,410, and \$44,162, respectively, which consisted of equal contributions from the University and covered employees of \$19,466 in 2023, \$21,205 in 2022, and \$22,081 in 2021.

The University's total payroll for the years ended June 30, 2023, 2022, and 2021 was \$19,337,263, \$19,740,248, and \$18,984,027, respectively, and total covered employees' salaries in the TIAA-CREF, and Educators Money were \$18,173,417 and \$324,430, respectively, in 2023; \$17,562,917 and \$353,417, respectively, in 2022; \$16,967,517 and \$368,017, respectively, in 2021.

**NOTE 15 CONTINGENCIES**

The nature of the education industry is such that, from time-to-time, claims will be presented against the University on account of alleged negligence, acts of discrimination, breach of contract, or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing education services in a higher education system. In the opinion of management, all known claims are covered by insurance or are such that an award against the University would not seriously impact the financial status of the University.

Under the terms of federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The University's management believes disallowances, if any, will not have a significant financial impact on the University's financial position.

The Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There were no arbitrage rebate liabilities that were recorded in the financial statements as of June 30, 2023 and 2022.

**WEST LIBERTY UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 15 CONTINGENCIES (CONTINUED)**

The University owns various buildings that are known to contain asbestos. The University is not required by federal, state, or local law to remove the asbestos from its buildings. The University is required by Federal Environmental, Health, and Safety Regulations to manage the presence of asbestos in its buildings in a safe condition. The University addresses its responsibility to manage the presence of asbestos in its buildings on a case-by-case basis. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. The University also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

**NOTE 16 SEGMENT INFORMATION**

Under the auspices of the State and the Board of Governors, the University issued revenue bonds to finance certain of its auxiliary enterprise activities and capital improvements. Investors in those bonds rely solely on the revenue generated from new capital fees created for repayment.

Descriptive information for each of the University's segments is shown below:

- a. *The Board of Governors of the University issued University Revenue Refunding Bonds, Series 2013.*

On March 6, 2013, the University issued University Revenue Refunding Bonds, Series 2013, amounting to \$9,810,000. The Series 2013 Bonds were issued to (1) currently refund in full the outstanding Series 2003A, 2003B, and 2003C Bonds and (2) pay the costs of issuance of the Series 2013 Bonds and related costs.

The Series 2013 Bonds outstanding consist of \$3,505,000 Term Bonds as follows:

Principal Amount	Maturity Date	Interest Rate
\$ 1,425,000	May 1, 2025	2.48%
2,080,000	May 1, 2028	2.68

**WEST LIBERTY UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 16 SEGMENT INFORMATION (CONTINUED)**

- b. *The Board of Governors of the University issued University Revenue Bonds, Series 2012.*

On May 1, 2012, the University issued University Revenue Bonds, Series 2012, amounting to \$10,000,000. The Series 2012 Bonds were issued to finance capital improvements.

The Series 2012 Bonds outstanding consist of \$3,560,000 Term Bonds as follows:

Principal Amount	Maturity Date	Interest Rate
\$ 560,000	November 1, 2023	2.75%
3,000,000	November 1, 2027	3.25

- c. *The Board of Governors of the University issued University Revenue Bonds, Series 2018.*

On September 20, 2018, the University issued University Revenue Bonds, Series 2018, amounting to \$5,132,000. The Series 2018 Bonds were issued to finance capital improvements.

The Series 2018 Bonds outstanding consist of \$4,321,000 Term Bonds with variable principal payments at an interest rate of 3.65% and matures on June 1, 2038.

- d. *The Board of Governors of the University issued University Revenue Bonds, Series 2021.*

On May 20, 2021, the University issued University Revenue Bonds, Series 2021, amounting to \$3,020,000. The Series 2021 Bonds were issued to finance capital improvements.

The Series 2021 Bonds outstanding consist of \$3,020,000 Term Bonds with variable principal payments at an interest rate of 2.174% and matures on May 1, 2036.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 16 SEGMENT INFORMATION (CONTINUED)**

	2023		
	WLU Revenue Bond Issue 2018 as of Year Ended June 30, 2023	WLU Revenue Refunding Bond 2013 as of Year Ended June 30, 2023	WLU Revenue Bond Issue 2012 as of Year Ended June 30, 2023
<b>Condensed Statements of Net Position</b>			
Assets:			
Current Assets	\$ 378,893	\$ 5,011,921	\$ 1,204,099
Noncurrent Assets	5,357,342	8,450,896	7,649,223
Deferred Outflows of Resources	-	32,560	-
Total Assets and Deferred Outflows of Resources	<u>\$ 5,736,235</u>	<u>\$ 13,495,377</u>	<u>\$ 8,853,322</u>
Liabilities:			
Current Liabilities	\$ 227,340	\$ 725,181	\$ 786,988
Noncurrent Liabilities	4,100,000	2,795,000	2,845,000
Total Liabilities	4,327,340	3,520,181	3,631,988
Net Position:			
Net Investments in Capital Assets	102,919	5,358,604	6,913,570
Unrestricted	1,305,976	4,616,592	(1,692,236)
Total Net Position	1,408,895	9,975,196	5,221,334
 Total Liabilities and Net Position	 <u>\$ 5,736,235</u>	 <u>\$ 13,495,377</u>	 <u>\$ 8,853,322</u>

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 16 SEGMENT INFORMATION (CONTINUED)**

	2023		
	WLU Revenue Bond Issue 2018 as of Year Ended June 30, 2023	WLU Revenue Refunding Bond 2013 as of Year Ended June 30, 2023	WLU Revenue Bond Issue 2012 as of Year Ended June 30, 2023
<b>Condensed Statements of Revenues, Expenses, and Changes in Net Position</b>			
Operating:			
Operating Revenues	\$ -	\$ 1,701,658	\$ 994,222
Net Operating Income	-	1,701,658	994,222
Nonoperating:			
Nonoperating Revenues	-	-	435
Nonoperating Expenses	(83,487)	(1,647,185)	(425,048)
Net Nonoperating Expense	(83,487)	(1,647,185)	(424,613)
Net Increase in Net Position	(83,487)	54,473	569,609
Net Position - Beginning of Year	1,492,382	9,920,723	4,651,725
Net Position - End of Year	\$ 1,408,895	\$ 9,975,196	\$ 5,221,334
<b>Condensed Statements of Cash Flows</b>			
Net Cash Provided by Operating Activities	\$ 379,052	\$ 1,701,658	\$ 994,222
Net Cash Used by Capital and Related Financing Activities	(378,893)	(2,080,868)	(816,980)
Net Increase (Decrease) in Cash and Cash Equivalents	159	(379,210)	177,242
Cash and Cash Equivalents - Beginning of Year	379,052	5,389,059	1,028,611
Cash and Cash Equivalents - End of Year	\$ 379,211	\$ 5,009,849	\$ 1,205,853



**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 16 SEGMENT INFORMATION (CONTINUED)**

	2022		
	WLU Revenue Bond Issue 2018 as of Year Ended June 30, 2023	WLU Revenue Refunding Bond 2013 as of Year Ended June 30, 2023	WLU Revenue Bond Issue 2012 as of Year Ended June 30, 2023
<b>Condensed Statements of Net Position</b>			
Assets:			
Current Assets	\$ 379,051	\$ 5,390,813	\$ 1,026,857
Noncurrent Assets	5,662,752	8,706,563	7,933,039
Deferred Outflows of Resources	-	39,170	-
Total Assets and Deferred Outflows of Resources	<u>\$ 6,041,803</u>	<u>\$ 14,136,546</u>	<u>\$ 8,959,896</u>
Liabilities:			
Current Liabilities	\$ 228,421	\$ 710,823	\$ 748,171
Noncurrent Liabilities	4,321,000	3,505,000	3,560,000
Total Liabilities	4,549,421	4,215,823	4,308,171
Net Position:			
Net Investments in Capital Assets	2,277,940	4,937,491	6,502,821
Unrestricted	(785,558)	4,983,232	(1,851,096)
Total Net Position	1,492,382	9,920,723	4,651,725
 Total Liabilities and Net Position	 <u>\$ 6,041,803</u>	 <u>\$ 14,136,546</u>	 <u>\$ 8,959,896</u>

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 16 SEGMENT INFORMATION (CONTINUED)**

	2022		
	WLU Revenue Bond Issue 2018 as of Year Ended June 30, 2023	WLU Revenue Refunding Bond 2013 as of Year Ended June 30, 2023	WLU Revenue Bond Issue 2012 as of Year Ended June 30, 2023
<b>Condensed Statements of Revenues, Expenses, and Changes in Net Position</b>			
Operating:			
Operating Revenues	\$ -	\$ 1,669,748	\$ 960,050
Net Operating Income	-	1,669,748	960,050
Nonoperating:			
Nonoperating Revenues	-	-	1
Nonoperating Expenses	1,376,788	(1,633,349)	(447,611)
Net Nonoperating Expense	1,376,788	(1,633,349)	(447,610)
Net Increase in Net Position	1,376,788	36,399	512,440
Net Position - Beginning of Year	115,594	9,884,324	4,139,285
Net Position - End of Year	\$ 1,492,382	\$ 9,920,723	\$ 4,651,725
<b>Condensed Statements of Cash Flows</b>			
Net Cash Provided by Operating Activities	\$ -	\$ 1,669,748	\$ 960,050
Net Cash Provided (Used) by Capital and Related Financing Activities	(30,346)	(2,054,484)	(815,673)
Net Increase (Decrease) in Cash and Cash Equivalents	(30,346)	(384,736)	144,377
Cash and Cash Equivalents - Beginning of Year	409,398	5,773,795	884,234
Cash and Cash Equivalents - End of Year	\$ 379,052	\$ 5,389,059	\$ 1,028,611

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 17 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS**

For the years ended June 30, 2023 and 2022, the following tables represent operating expenses within both natural and functional classifications:

	2023							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation and Amortization	Loan Cancellations and Write-Offs	Total
Instruction	\$ 10,482,008	\$ 1,279,159	\$ 810,668	\$ 44,307	\$ -	\$ -	\$ -	\$ 12,616,142
Research	367,046	25,002	498,416	-	-	-	-	890,464
Public Service	-	-	3,546	-	-	-	-	3,546
Academic Support	1,312,379	175,905	349,532	-	-	-	-	1,837,816
Student Services	1,251,936	211,768	448,262	-	-	-	-	1,911,966
General Institutional Support	2,186,053	363,412	2,329,310	539,551	-	-	-	5,418,326
Operations and Maintenance of Plant	1,151,728	237,512	1,533,021	1,002,536	-	-	-	3,924,797
Student Financial Aid	-	-	-	-	2,703,271	-	-	2,703,271
Auxiliary Enterprises	2,586,113	375,981	4,145,011	1,220,438	-	-	-	8,327,543
Depreciation	-	-	-	-	-	4,075,190	-	4,075,190
Other	-	-	-	-	-	-	666,882	666,882
<b>Total</b>	<b>\$ 19,337,263</b>	<b>\$ 2,668,739</b>	<b>\$ 10,117,766</b>	<b>\$ 2,806,832</b>	<b>\$ 2,703,271</b>	<b>\$ 4,075,190</b>	<b>\$ 666,882</b>	<b>\$ 42,375,943</b>

	2022							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation and Amortization	Loan Cancellations and Write-Offs	Total
Instruction	\$ 10,536,918	\$ 1,258,417	\$ 1,120,279	\$ 40,511	\$ -	\$ -	\$ -	\$ 12,956,125
Research	362,289	25,001	373,374	-	-	-	-	760,664
Academic Support	1,527,287	188,488	383,315	473	-	-	-	2,099,563
Student Services	1,415,997	220,057	297,255	-	-	-	-	1,933,309
General Institutional Support	2,195,808	380,655	2,831,270	647,303	-	-	-	6,055,036
Operations and Maintenance of Plant	1,089,683	214,702	761,746	1,010,826	-	-	-	3,076,957
Student Financial Aid	-	-	-	-	2,308,991	-	-	2,308,991
Auxiliary Enterprises	2,612,266	355,317	4,857,492	1,114,725	-	-	-	8,939,800
Depreciation	-	-	-	-	-	4,591,176	-	4,591,176
Other	-	-	339,856	-	-	-	104,707	444,563
<b>Total</b>	<b>\$ 19,740,248</b>	<b>\$ 2,642,637</b>	<b>\$ 10,964,587</b>	<b>\$ 2,813,838</b>	<b>\$ 2,308,991</b>	<b>\$ 4,591,176</b>	<b>\$ 104,707</b>	<b>\$ 43,166,184</b>

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 18 BALANCES DUE TO OR FROM WEST VIRGINIA STATE AGENCIES**

For the years ended June 30, 2023 and 2022, the following table represents amounts due (to) from West Virginia State Agencies:

	2023	2022
Amounts Due to State Agencies:		
Public Employees Insurance Agency	\$ -	\$ (73)
Information Services and Communications	(467)	(25)
West Virginia State Treasurers Office	(55)	(15,112)
Department of Administration	-	(39)
Attorney General	(323)	(9,914)
West Virginia Department of Education	(982)	-
Current Liability Due to State Agencies Included in Accounts Payable	(1,827)	(25,163)
Debt Obligation to Higher Education Policy Commission	(748,291)	(919,381)
Notes Payable to Higher Education Policy Commission	(2,200,000)	(1,500,000)
Total Amounts Due to State Agencies	\$ (2,950,118)	\$ (2,444,544)
Amounts Due from State Agencies:		
Higher Education Policy Commission - Interest Receivable	\$ 41,609	\$ 4,932
West Virginia Department of Commerce	41,609	-
Division of Natural Resources	-	-
Total Amounts Due from State Agencies	\$ 83,218	\$ 4,932

**NOTE 19 COMPONENT UNIT DISCLOSURE**

**Nature of Activities**

The West Liberty University Foundation, Inc. (the Foundation) was formed to receive and administer funds for scientific, educational, and charitable purposes for the support and benefit of West Liberty University (the University). The Foundation is a separate nonprofit organization incorporated in the State and has as its purpose “to aid, strengthen, and further in every proper and useful way, the work and services of the University and its affiliated nonprofit organizations.” Oversight of the Foundation is the responsibility of an independently elected Board of Directors not otherwise affiliated with the University. The President of the University is a nonvoting member of the Board of Directors. In carrying out its responsibilities, the board of directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by donors. While contributions are generally for the benefit and support of the University, the Foundation exercises discretion over the distribution of assets. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is, therefore, discretely presented with the University’s financial statements in accordance with GASB.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURE (CONTINUED)**

**Nature of Activities (Continued)**

During the years ended June 30, 2023 and 2022, the Foundation contributed \$1,591,385 and \$1,615,197, respectively, to the University for scholarships, capital improvements, athletic, academic, and other programs.

The following significant notes have been taken from the Foundation's audited financial statements. A complete set of financial statements can be obtained from the West Liberty University Foundation, Inc.

**Summary of Significant Accounting Policies**

**Basis of Accounting** – The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Net Assets** – The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as net assets without donor restrictions and net assets with donor restrictions.

**Net Assets without Donor Restriction** – Net assets without donor restriction are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**Net Assets with Donor Restriction** – Net assets with donor restriction are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in accordance with the donor's instructions.

The Foundation's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds and its beneficial interest in a perpetual charitable trust held by a bank trustee.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Foundation, unless the donor provides more specific directions about the period of its use.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURE (CONTINUED)**

**Summary of Significant Accounting Policies (Continued)**

Income Taxes – West Liberty Foundation, Inc. is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state and local jurisdictions where it operates. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's statement of financial position or statement of activities. Accordingly, the Foundation has not recorded any reserves, or related accruals, for interest and penalties for uncertain tax positions at June 30, 2023. The Foundation's tax returns through 2020 have been closed for purposes of examination by taxing authorities.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period, as well as disclosures. Accordingly, actual results could differ from those estimates.

Contributions – Contributions received are recorded as increases in net assets without donor restrictions unless use of the contributed asset is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due and, therefore, are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets, or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates for United States Government securities. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not recorded as support until the conditions are substantially met.

Investments – Investments in equity securities and all debt securities are reported at their fair value based upon quoted market prices.

The Foundation operates a pooled investment portfolio for all funds. New funds or additions to existing funds are assigned a share in the investment pool based upon the amount of cash or estimated fair value of securities deposited. Income, including unrealized appreciation or depreciation and realized capital gains and losses, is allocated on a monthly basis.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURE (CONTINUED)**

**Summary of Significant Accounting Policies (Continued)**

Income from Investments – All investment income in the form of interest and dividends is credited to unrestricted net assets unless otherwise designated by the donor. All capital appreciation/depreciation earned on all investments is credited to net assets without donor restrictions unless otherwise restricted by the donor.

Cash Surrender Value of Insurance Policies – The Foundation records as an asset the cash surrender value of life insurance policies for which it is the owner and beneficiary.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Money market funds included in noncurrent investments are not considered cash equivalents.

Unconditional Promises to Give – Unconditional promises to give are recognized as contributions when the promise is received. Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible promises to give is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Expense Recognition and Allocation – The cost of providing the Foundation's programs and other activities is summarized below. Expenses that can be identified with a specific program or support service are charged directly to that program or support service.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURE (CONTINUED)**

**Summary of Significant Accounting Policies (Continued)**

	<u>2023</u>	<u>2022</u>
Program Services:		
Scholarships	\$ 759,608	\$ 514,248
Athletic Programs	309,152	255,478
Academic Programs	303,692	285,418
Capital Improvements	145,223	546,647
Other Programs	<u>73,710</u>	<u>13,406</u>
Total Program Services	1,591,385	1,615,197
Supporting Services:		
Salaries and Benefits	266,185	237,030
Outside Services	22,261	22,878
Occupancy	25,810	24,012
Supplies and Other Expenses	21,315	23,479
Travel and Conferences	2,943	1,473
Hospitality	3,153	5,405
Insurance	6,034	6,053
Service Charges	8,679	8,120
Dues and Registrations	1,616	1,044
Other Administrative	<u>1,536</u>	<u>1,690</u>
Total Supporting Services	359,532	331,184
Fundraising	4,378	4,407
Costs of Direct Benefits to Donors:		
Recognition Banquet	18,810	8,769
Golf Scramble	<u>24,151</u>	<u>3,812</u>
Total Costs of Direct Benefits to Donors	42,961	12,581
Total Functional Expenses	<u>\$ 1,998,256</u>	<u>\$ 1,963,369</u>

**Unconditional Promises to Give**

Unconditional promises to give at June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Receivable in One Year	\$ 118,486	\$ 148,486
Receivable in Two to Five Years	<u>112,044</u>	<u>292,543</u>
Total Unconditional Promises to Give	230,530	441,029
Less: Discounts to Net Present Value	<u>13,225</u>	<u>23,527</u>
Net Unconditional Promises to Give	<u>\$ 217,305</u>	<u>\$ 417,502</u>

The discount rate used on long-term pledges was 8.25% for the period ended June 30, 2023.



**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURE (CONTINUED)**

**Unconditional Promises to Give (Continued)**

An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end. At June 30, 2023 and 2022, management determined that all outstanding promises to give are fully collectible.

**Leases**

On July 1, 2022, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Board (ASU) No. 2016-02 – *Leases* (Topic 842) and the subsequent amendments thereto, which require the Foundation to recognize most of its leases on its Statement of Financial Position. The Foundation considers the increased recognition of leases under the new standard to be preferable to the requirements of the previous lease standard. The Foundation used a modified retrospective approach in adopting the new standard, with no cumulative-effect adjustment to retained earnings as of July 1, 2022, and no significant impact to the change in net assets for the year ended June 30, 2023.

In accordance with the provisions of FASB ASU No. 2016-02, leases are classified by lessees as operating or finance leases at the lease commencement date, with corresponding right-of-use (ROU) assets and lease liabilities recognized on the Statement of Financial Position. An ROU asset represents the Foundation's right to use the underlying asset for the lease term, and the lease liability represents the Foundation's obligation to make lease payments arising from the respective lease. Operating leases result in lease expense, which is recognized on a straight-line basis over the respective lease terms. Finance leases result in lease expense, segregated between the amortization of the ROU assets and interest on the lease liabilities.

In adopting FASB ASU No. 2016-02, the Foundation has elected to apply several of the available practical expedients. Short-term leases with an initial term of 12 months or less will not be recognized in the Statement of Financial Position; instead, short-term lease expense will be recognized in the Statement of Activities on a straight-line basis over the term of the lease. In addition, the Foundation has elected to adopt the package of transition practical expedients, which means that the Foundation does not need to reassess its prior conclusions under the previous accounting standard, FASB ASC 840, as to (a) whether a preexisting contract is or contains a lease, (b) whether a preexisting lease should be classified as an operating or finance lease, or (c) whether the initial direct costs that are capitalized for a preexisting lease under FASB ASC 840 qualify for capitalization. The Foundation has adopted a \$5,000 capitalization threshold, similar to the one that is used for property and equipment. Accordingly, leases that have a present value of future lease payments under \$5,000 will not be recognized in the Statement of Financial Position; instead, lease expense will be recognized in the Statement of Activities on a straight-line basis over the term of the lease.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURE (CONTINUED)**

**Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 and 2022 are:

	2023	2022
Financial Assets:		
Cash and Cash Equivalents	\$ 155,351	\$ 121,583
Pledges Receivable, Net	217,305	417,502
Investments	22,143,601	20,312,268
Beneficial Interest in Trust	2,364,761	2,295,852
Other Assets	63,473	63,473
Total Financial Assets	24,944,491	23,210,678
Less: Financial Assets Held to Meet Donor-Imposed Restrictions:		
Purpose - Restricted Net Assets	(1,669,068)	(1,624,372)
Donor - Restricted Endowment Funds	(19,209,329)	(17,622,227)
Beneficial Interest in Trust	(2,364,761)	(2,295,852)
Less: Financial Assets not Available Within One Year:		
Pledges Receivable	(98,819)	(269,016)
Less: Board - Designated Endowment Fund	(556,448)	(481,096)
Amount Available for General Expenditures Within One Year	\$ 1,046,066	\$ 918,115

The above table reflects donor-restricted and board-designated endowment funds as unavailable because it is the Foundation's intention to invest those resources for the long-term support of the Foundation. However, in the case of need, the Board of Directors could appropriate resources from its designated endowment fund \$556,448.

**Investments**

The cost and estimated fair values of investments at June 30, 2023 and 2022, are as follows:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Money Market Funds	\$ 722,341	\$ 722,341	\$ 613,133	\$ 613,133
Corporate Bonds and Notes	3,064,241	3,373,397	2,716,767	2,997,048
U.S. Treasury Obligations	-	-	99,594	99,432
Equity Securities	13,144,629	10,034,861	10,758,348	9,018,511
Mutual Funds	4,156,699	4,877,276	4,817,967	5,451,964
Alternative Investment Funds	1,055,691	913,840	1,187,770	1,043,519
Mortgage Backed Securities	-	-	118,689	122,837
Total	\$ 22,143,601	\$ 19,921,715	\$ 20,312,268	\$ 19,346,444

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURE (CONTINUED)**

**Investments (Continued)**

The following schedule summarizes the investment income and its classification in the statement of activities for the years ended June 30, 2023 and 2022.

	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	\$ 84,231	\$ 495,937	\$ 580,168
Realized Gains	11,005	209,089	220,094
Unrealized Losses	61,607	1,171,298	1,232,905
Investment Fees	(22,764)	(42,275)	(65,039)
Total	<u>\$ 134,079</u>	<u>\$ 1,834,049</u>	<u>\$ 1,968,128</u>

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	\$ 114,117	\$ 372,599	\$ 486,716
Realized Gains	56,526	1,356,619	1,413,145
Unrealized Gains	(171,660)	(4,163,204)	(4,334,864)
Investment Fees	(23,610)	(43,847)	(67,457)
Total	<u>\$ (24,627)</u>	<u>\$ (2,477,833)</u>	<u>\$ (2,502,460)</u>

**Right-of-Use Assets and Lease Liabilities**

In accordance with the provisions of FASB ASU No. 2016-02, leases are classified by lessees as operating or finance leases at the lease commencement date, with corresponding right-of-use (ROU) assets and lease liabilities recognized on the Statement of Financial Position. Operating leases result in lease expense, which is recognized on a straight-line basis over the respective lease terms. Finance leases result in lease expense, segregated between the amortization of the ROU assets and interest on the lease liabilities. The Foundation did not have any finance leases as of July 1, 2022, or during the year ended June 30, 2023.

The Foundation leases office space in Wheeling, West Virginia, under an operating lease agreement. The initial lease agreement was signed July 11, 2016, and expired on June 30, 2021. A new lease agreement was signed on July 1, 2021, originally expiring July 31, 2023, but was since extended to July 31, 2025. Short-term leases with an initial term of 12 months or less, and leases that do not meet the minimum capitalization threshold of \$5,000, are not recognized in the Statement of Financial Position; instead, short-term lease expense and operating lease expense are recognized on a straight-line basis over the respective lease terms. As of July 1, 2022, and during the year ended June 30, 2023, the Foundation had only one office building lease that met the recognition criteria and, therefore, was included in the Statement of Financial Position. The lease did not include a renewal option. The Foundation used its incremental borrowing rate of 5.25% to calculate the initial ROU assets and lease liabilities as of July 1, 2022.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURE (CONTINUED)**

**Right-of-Use Assets and Lease Liabilities (Continued)**

Operating Lease Expense	\$ 24,756
Short-Term Lease Expense	1,054
Total Lease Expense	<u>\$ 25,810</u>
	Operating Leases
Year Ending June 30, 2024	<u>\$ 25,488</u>
Year Ending June 30, 2025	<u>25,488</u>
Total Future Minimum Lease Payments	50,976
Imputed Interest	(989)
Total Leases Liabilities as of June 30, 2023	<u>\$ 49,987</u>
Supplemental Cash Flow Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows	<u>\$ 25,488</u>
Non-Cash Activity:	
Right-of-Use Assets Obtained in Exchange for Lease Liabilities	<u>\$ 73,931</u>
Weighted Average Remaining Lease Term	2.1 Years
Weighted Average Discount Rate	5.25%

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURE (CONTINUED)**

**Net Assets with Donor Restrictions**

At June 30, 2023, net assets with donor restrictions are available for the following purposes or periods:

	2023	2022
Purpose Restrictions, Available for Spending:		
Scholarships	\$ 282,816	\$ 259,241
Capital Projects	622,929	618,337
Other	763,323	746,794
Total Purpose-Restricted Net Assets	1,669,068	1,624,372
 Donor Restricted Endowment Funds, Which Must be Appropriated by the Board of Directors Before Use:		
Scholarships	15,763,881	14,472,996
Faculty Travel and Professional Development	500,812	423,270
Library	508,083	470,848
Speakers and Lectures	393,125	376,841
Maintenance	304,838	283,101
Academic Programs	887,625	762,682
Athletic Programs	389,439	366,834
Other	461,526	465,655
Total Endowment Funds Managed by the Foundation	19,209,329	17,622,227
 Beneficial Interest in Trust for Scholarships	2,364,761	2,295,852
Total Net Assets with Donor Restrictions	\$ 23,243,158	\$ 21,542,451

**Fair Value Measurements**

As required by U.S. GAAP, each financial asset and liability must be identified as having been valued according to specified level of input. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets, and inputs other than quoted prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset and include situations where there is little, if any, market activity for the asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy, within which the fair value measurement in its entirety falls, has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURE (CONTINUED)**

**Fair Value Measurements (Continued)**

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The Foundation classified investments in equity securities and mutual funds as Level 1 instruments because they comprise assets traded on public exchanges with readily determinable fair values and observable market-based inputs. Debt securities are classified as Level 2 securities and are valued using a matrix pricing or other market approaches. The fair value of the mortgage loan is estimated to be its amortized cost.

The Foundation's fair value of assets and liabilities reported on the statement of financial position at their fair value as of June 30, 2023 and 2022, are summarized below, by level.

<u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Valued on a Recurring Basis:				
Assets:				
Equity Securities	\$ 13,144,629	\$ -	\$ -	\$ 13,144,629
Debt Securities	-	3,064,241	-	3,064,241
Mutual Funds	4,156,699	-	-	4,156,699
Alternative Investment Funds	1,055,691	-	-	1,055,691
Money Market Funds	877,692	-	-	877,692
Investments and Cash Equivalents at Estimated Fair Value	19,234,711	3,064,241	-	22,298,952
Beneficial Interest in Perpetual Trust	-	-	2,364,761	2,364,761
Total	<u>\$ 19,234,711</u>	<u>\$ 3,064,241</u>	<u>\$ 2,364,761</u>	<u>\$ 24,663,713</u>
<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Valued on a Recurring Basis:				
Assets:				
Equity Securities	\$ 10,758,348	\$ -	\$ -	\$ 10,758,348
Debt Securities	-	2,935,050	-	2,935,050
Mutual Funds	4,817,967	-	-	4,817,967
Alternative Investment Funds	1,187,770	-	-	1,187,770
Money Market Funds	734,716	-	-	734,716
Investments and Cash Equivalents at Estimated Fair Value	17,498,801	2,935,050	-	20,433,851
Beneficial Interest in Perpetual Trust	-	-	2,295,852	2,295,852
Total	<u>\$ 17,498,801</u>	<u>\$ 2,935,050</u>	<u>\$ 2,295,852</u>	<u>\$ 22,729,703</u>

Fair value of the contribution from the beneficial interest in the perpetual trust is measured using the fair value of the assets held in the trusts as reported by the trustee as of June 30, 2023. The Foundation considers the measurement of its beneficial interest in the trusts to be a Level 3 measurement within the fair value hierarchy because, even though that measurement is based on the adjusted fair values of the trusts' assets reported by the trustee, the Foundation will never receive those assets or have the ability to direct the trustee to redeem them.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURE (CONTINUED)**

**Fair Value Measurements (Continued)**

The beneficial interest in perpetual trust (split interest agreement) is valued using unobservable inputs (Level 3) in accordance with the authoritative guidance on fair value measurements. Changes to the beneficial interest in perpetual trust in fiscal year 2023 are as follows:

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 2,295,852	\$ 2,799,176
Investment Income for Beneficial Interest in Perpetual Trust	124,182	123,614
Distribution from Beneficial Interest in Perpetual Trust	(124,182)	(123,614)
Net Valuation Gain	68,909	(503,324)
Total	<u>\$ 2,364,761</u>	<u>\$ 2,295,852</u>

**Endowment Funds**

**Endowment Investments**

The Foundation's endowment consists of approximately 130 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Donor-restricted endowment funds are subject to a time restriction imposed by SPMIFA until amounts are appropriated for expenditure by the Foundation. In addition, most donor restricted endowment funds are subject to restrictions on the use of the appropriated amounts. The Net Assets with Donor Restrictions note describes the purposes for which donor-restricted endowment funds may be used. As a result, donor-restricted endowment funds are classified as net assets with donor restrictions.

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

*Investment Return Objectives, Risk Parameters, and Strategies* – The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets which create the framework for a well-diversified asset mix that can be expected to generate long-term returns at a level of risk suitable to West Liberty University Foundation, Inc.

**WEST LIBERTY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURE (CONTINUED)**

**Endowment Funds (Continued)**

**Endowment Investments (Continued)**

Accordingly, the Foundation takes a total return approach regarding endowment assets. The assets are to be invested for the long-term, and a higher short-term volatility in these assets is to be expected and accepted. The total return approach is designed to give the Foundation financial flexibility with regard to ongoing capital structure decisions. The Foundation has a tolerance to accept short-term volatility in the value of the funds in line with the market fluctuations to seek long-term capital growth. Domestic equities of both large and small capitalization, fixed-income, and cash equivalents have been determined to be acceptable vehicles for plan assets. Additional asset classes and style strategies may be incorporated into the investment philosophy in the future.

*Spending Policy* – The Foundation has a policy for appropriating for distribution up to 4% of the value of the endowment assets. This amount will be calculated using a rolling three-year moving average of the market value of the funds at fiscal year-end.

	June 30, 2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ 481,096	\$ 17,622,227	\$ 18,103,323
Contributions	-	454,613	454,613
Investment Income	84,231	1,678,028	1,762,259
Program Revenue	-	124,182	124,182
Amounts Appropriated for Expenditure	(8,879)	(669,721)	(678,600)
Endowment Net Assets - End of Year	<u>\$ 556,448</u>	<u>\$ 19,209,329</u>	<u>\$ 19,765,777</u>
	June 30, 2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ 441,695	\$ 19,872,698	\$ 20,314,393
Contributions	199,000	481,317	680,317
Investment Income	(114,118)	(2,158,386)	(2,272,504)
Program Revenue	-	125,121	125,121
Amounts Appropriated for Expenditure	(45,481)	(698,523)	(744,004)
Endowment Net Assets - End of Year	<u>\$ 481,096</u>	<u>\$ 17,622,227</u>	<u>\$ 18,103,323</u>



**WEST LIBERTY UNIVERSITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS**  
**JUNE 30, 2023 AND 2022**

**Schedule of Proportionate Share of TRS Net Pension Liability**  
(In Thousands)

Measurement Date	University's Proportionate Share as a Percentage of Net Pension Liability	University's Proportionate Share	State's Proportionate Share	Total Proportionate Share	University's Covered Employee Payroll	University's Proportionate Share as a Percentage of Covered Payroll	University's Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2014	0.0184710%	\$ 637	\$ 1,440	\$ 2,077	\$ 568	112.15 %	66.95 %
June 30, 2015	0.0189170%	656	1,496	2,152	574	114	66.25
June 30, 2016	0.0193970%	797	1,518	2,315	501	159	61.42
June 30, 2017	0.0181150%	626	1,384	2,010	500	125	67.85
June 30, 2018	0.0113600%	355	919	1,274	344	103	71.20
June 30, 2019	0.0105380%	314	757	1,070	304	103	72.64
June 30, 2020	0.0106150%	342	743	1,085	295	116	70.89
June 30, 2021	0.0104080%	163	364	526	729	22	86.38
June 30, 2022	0.0076430%	197	438	634	536	37	77.78

**Schedule of Employer Contributions**  
(In Thousands)

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2015	\$ 84	\$ 85	\$ (1)	\$ 574	14.81 %
June 30, 2016	86	93	(7)	501	18.56
June 30, 2017	75	80	(5)	500	16.00
June 30, 2018	75	75	-	344	21.80
June 30, 2019	50	50	-	304	16.45
June 30, 2020	46	46	-	295	15.59
June 30, 2021	43	43	-	729	5.90
June 30, 2022	32	32	-	536	5.97
June 30, 2023	1	1	-	21	4.76

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

**Notes to Required Supplementary Information**  
**Year Ended June 30, 2023**

There are no factors that affect trends in the amounts reported, such as a change of benefit terms or assumptions. With six years reported in the required supplementary information, there is no additional information to include in the notes. Information, if necessary, can be obtained from the CPRB Comprehensive Annual Financial Report.

**WEST LIBERTY UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF PROPORTIONATE SHARE OF OTHER  
POSTEMPLOYMENT OBLIGATIONS AND CONTRIBUTIONS  
JUNE 30, 2023 AND 2022**

**Schedule of Proportionate Share of Net OPEB Liability  
(In Thousands)**

Measurement Date	University's Proportionate Share as a Percentage of Net OPEB Liability	University's Proportionate Share	State's Proportionate Share	Total Proportionate Share	University's Covered Employee Payroll	University's Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
June 30, 2017	0.259296877%	\$ 6,376	\$ 1,310	\$ 7,686	\$ 16,257	39.22%	25.10%
June 30, 2018	0.289509047%	6,211	1,284	7,495	15,398	40.34%	30.98%
June 30, 2019	0.300551085%	4,987	1,020	6,007	16,910	29.49%	39.69%
June 30, 2020	0.295079092%	(89)	288	200	17,864	-0.50%	73.49%
June 30, 2021	0.298188531%	(89)	(17)	(106)	12,979	-0.68%	101.81%
June 30, 2022	0.290760405%	324	111	434	12,979	2.49%	101.81%

**Schedule of Employer Contributions  
(In Thousands)**

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2018	\$ 533	\$ 533	\$ -	\$ 15,398	3.46%
June 30, 2019	592	592	-	16,910	3.50%
June 30, 2020	619	619	-	17,864	3.47%
June 30, 2021	570	570	-	12,979	4.39%
June 30, 2022	544	544	-	15,543	3.50%
June 30, 2023	342	342	-	15,543	2.20%

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2023**

There are no factors that affect trends in the amounts reported, such as a change of benefit terms or assumptions. Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the University will present information for only those years for which information is available.

Actuarial methods and assumptions are the same as those used in determining the net OPEB liability.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Governing Board  
West Liberty University  
West Liberty, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of West Liberty University (the University), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 18, 2023. Our report includes a reference to other auditors who audited the financial statements of West Liberty University Foundation, Inc. (the Foundation), the University's discretely presented component unit, as described in our report on the University's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and, accordingly, do not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the University’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***West Liberty University’s Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the University’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The University’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
October 18, 2023

**WEST LIBERTY UNIVERSITY  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2023**

**2023 – 001 Misstatements of the University’s Financial Statements**

**Criteria:**

The University’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

**Condition:**

Our audit procedures identified a number of misstatements of the University’s financial statements.

**Cause:**

The University’s internal controls over financial reporting did not identify the misstatements that were identified as a result of our testing.

**Effect:**

The misstatements were material to the University’s financial statements.

**University’s Response:**

Additional internal controls have been created to identify and record the receipt of revenue from every source. Once the year is rolled forward, past periods will be made inactive so as not to allow entry into those past periods. In addition, internal controls have been put into place to track and record movement from Construction in Progress to the recording of an asset.

West Liberty University is implementing a shared workbook that captures every revenue transaction. WLU will identify and account for every revenue source daily so that it is properly recognized. Reconciliations will be completed monthly to narrow down and identify accounting errors.